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CHARACTERISTICS OF OPEC-THIRD WORLD RELATIONSHIP EXAMINED

Paris AN-NAHAR ARAB REPORT & MEMO in English 24 Dec 79 pp 10-16

[Text]

As the 13 OPEC oil ministers took their seats for last week's price-fixing meeting at Caracas, another conference was being convened across the Caribbean at Havana. This was a ministerial meeting of the "Group of 77" Third World states and it was certainly no accident that it was timed to coincide with the OPEC conclave. The size of Third World bills for imported oil and the knowledge that these will rise considerably next year, together with the problem of how to finance them, mean sleepless nights for scores of governments. At the same time, there have been warnings from senior officers of big Western commercial banks that they will soon be unwilling to accept an increased flow of surplus OPEC funds on deposit because Third World states which have resorted to the Euromarket since 1974 to finance their balance of payments deficits have reached or are very close to their borrowing limits, restricting the banks' ability to recycle petrodollars.

In terms of cash, Third World imports of oil cost them \$4 billion in 1972 and the bill had risen to \$44 billion for 1979 and to substantially more for next year. Many countries have cut back hard on consumption - Tanzania uses today about half of what it used in 1972 but its oil imports have still risen by 900 per cent and cost the country half of its exports earnings.

Although final figures for oil prices were not available when this newsletter went to press, a preliminary calculation indicates that Third World countries would have to find an additional \$8.2 billion in 1980.

Although Third World countries consume less than 20 per cent of world oil exports, the impact of the latest price increases is bound to hurt them more

than the industrial countries, which have the manufacturing capacity and technology needed to adapt their economies to higher energy costs. Industrial countries also control the world financial markets, a powerful line of defence when it is married to the high value-added nature of their exports. For example, India's petroleum imports in 1976, the last year for which full figures are available (when OPEC marker crude stood at \$11.51 per barrel), cost Rupees 9,498 million and represented 18.7 per cent of total imports worth Rupees 50,738 million. Recent reports indicate that oil accounted for 26 per cent of the value of India's imports shortly before the latest price increases. Japan, by contrast, spent 32.3 per cent of its 1978 bill for imports of oil, which cost ¥ 5,407 million out of a total of ¥ 16,725 million. But expressed in terms of a percentage of GNP, India's oil imports represented 1.2 per cent of its 1976 GNP of Rupees 769.37 million while Japanese imports of oil in 1978 made up only 0.5 per cent of a GNP of ¥ 1,041,463 million. Japan was thus 2.4 times better able to absorb the cost of its oil imports than India despite Japan's greater dependence upon imported energy.

Long lead times in bringing new energy sources on stream mean that industrial countries can expect several lean years. "When talking about energy, a five year period is too short for anything unexpected to happen unless it is something bad," Arrigo Levi, a leading Italian editor commented recently. "In a sense, 1985 is past history. We cannot change 1985, we can only work to change 1990 or the year 2000." These are unpleasant facts of life for industrial nations now that the pre-1974 era of cheap energy is truly dead. But for Third World countries, especially those with well managed economies and serious hopes of one day breaking out of poverty's vicious circle, the prospect of having the industrial equipment they had assembled at great sacrifice rendered uneconomic by significantly higher fuel costs together with the need to devote an even larger share of future income to paying for oil spell the end to these hopes.

The crisis is by no means confined to the Third World alone. The collapse or drastic slowing down of Third World economies resulting from their inability to pay for imported energy would lead to a severe shrinkage in their trade with industrial nations, closing down markets for manufactures and exports of capital goods and technological services and raising the price of the commodities the industrial states buy in return because of the energy content of these commodities. Widespread simultaneous default on existing Euroloans

to the Third World could — and probably would — bring about the collapse of the Western banking system and, by extension, its monetary system. The crisis in the Third World therefore jeopardises the very foundations of the economies of the entire non-Communist world to such an extent that even those Communist states which have come closest to achieving autarky would be gravely endangered.

Economic paralysis and political instability

Economic paralysis breeds political instability and then these feed upon each other. This has already taken place in Turkey, which has become virtually ungovernable, and its industry is close to a standstill because there is no money for imports, notably oil.

Arab OPEC states have already received some of the political fallout from the crisis in the Third World over oil imports. Third World solidarity with the Arabs in the Arab-Israeli conflict is no longer a bankable asset: Third World delegations broke ranks at the Manila UNCTAD conference and again during last summer's meeting of non-aligned states in Havana. The Arabs bought time at Havana by promising a dialogue on oil with the Third World, but some Third World states have since reached such depths of desperation that they have indicated their willingness to forego a better deal on oil in the future, that the dialogue was supposed to bring, in return for immediate cash handouts. The latest increase in oil bills will mean that the Arabs will be able to buy less and less Third World support at progressively higher political and economic prices, factors that can only exacerbate post-Camp David frustration in the Arab world outside Egypt and contribute towards the instability of Arab regimes.

The impact of higher oil prices on the Third World will, of course, vary. Paradoxical though it may seem, the poorest countries of the Third World will probably feel it least. This is because their poverty has prevented them from importing energy or becoming dependent upon imports for a significant portion of their consumption. Somalia and Chad, for example, have an annual per capita consumption of commercial fuels of only 25 kilos of oil equivalent, although consumption of non-indigenous fuels is expected to rise in Sahelian countries between now and the year 2000 (*An-Nahar Arab Report & MEMO* of December 25, 1978). Another 12 countries in the Third World will actually be better off because of the higher OPEC price. These countries — Angola, Bahrain, Bolivia,

Congo, Egypt, Malaysia, Mexico, Oman, Syria, Trinidad and Tobago, Tunisia and Zaire are all net exporters of oil although they do not belong to OPEC. In 1975, they were together responsible for exports of 1.2 million b/d, equivalent to 4.7 per cent of OPEC exports in that year; the rapid growth of Mexico's oil industry and developments in Egypt have pushed production from these countries to 4 million b/d in 1979.

Three major factors underlie the crisis in the Third World over oil imports. These are:

The growth of dependency in the Third World upon imported energy;

The present restricted scope for trade between developing nations (South-South trade) and developmental strategies intended to foster exports of manufactures to industrial states during a period of growing resistance in the industrial (Northern) states to this form of South-North trading;

The failure of Third World countries to attract

significant direct investment of OPEC surplus funds.

The growth of dependency in the Third World upon imported energy is underscored by a recent study by Albas Alnasrawi of the University of Vermont which was published by the OPEC Special Fund. He notes that consumption of commercial energy in non-OPEC developing countries (NODCs) rose from 2.5 million b/d of oil equivalent in 1955 to 6.8 million b/d in 1970, with 17-18 per cent of this consumption taking place in the 12 non-OPEC net exporting countries. "This represents a growth rate of over 11 per cent a year," the study states. "During the same period, the rate of population growth was 2.4 per cent and that of per capita gross national product was 3 per cent. If we were to subtract the last two rates of growth from the rate of growth of energy consumption, we arrive at a net rate of increase in energy consumption of 5.6 per cent per capita during the same period.

"This trend of rising energy consumption in

Opec Countries: Relative Distribution of Exports and Imports 1971 and 1977

	EXPORTS						IMPORTS					
	OECD		Other Third World		Socialist Countries		OECD		Other Third World		Socialist Countries	
	71	77	71	77	71	77	71	77	71	77	71	77
Algeria	78	93	7	-	11	-	87	90	5	5	8	2
Ecuador	72	57	14	38	6	4	81	82	14	16	2	1
Gabon	72	62	27	37	-	-	94	96	5	4	5	-
Indonesia	76	78	22	21	-	-	77	66	20	25	-	-
Iran	83	82	15	17	-	-	90	87	5	10	4	3
Iraq	85	76	13	23	-	-	52	83	17	8	29	8
Kuwait	83	63	16	27	-	-	72	78	17	17	7	5
Libya	92	87	8	12	-	-	79	92	13	6	7	1
Nigeria	89	71	8	29	3	-	88	89	7	7	5	3
Qatar	95	77	5	21	-	-	77	84	15	8	-	-
Saudi Arabia	73	79	20	20	-	-	64	80	31	14	2	1
U. A. E.	95	81	2	15	-	-	72	77	13	16	4	2
Venezuela	68	62	31	38	-	-	93	90	5	10	-	-

Source: Derived from IMF, Direction of Trade.

**Preliminary Projections of Non-OPEC
Developing Countries' (NODCs) Energy Balance 1970**
(Million Barrels/Day of Oil Equivalent)

		1970	1975	1980	1985
Oil-Importing Developing Countries (OIDCs)					
Consumption:	Oil	3.72	4.33	5.35	7.20
	Non-Oil	1.90	3.73	4.95	7.30
	Total	5.62	8.06	10.30	14.50
Production:	Oil	1.17	1.21	1.66	2.85
	Non-Oil	1.92	3.62	4.88	7.35
	Total	3.09	4.83	6.54	10.20
Net Energy Imports		2.53	3.23	3.76	4.30
Oil Imports		2.18	3.12	3.69	4.35
Non-OPEC Oil-Exporting Developing Countries					
Consumption:	Oil	0.85	1.14	1.36	1.88
	Non-Oil	0.31	0.49	0.85	1.37
	Total	1.16	1.63	2.21	3.25
Production:	Oil	1.80	2.36	4.09	5.55
	Non-Oil	0.31	0.61	1.14	1.91
	Total	2.11	2.97	5.23	7.46
Net Energy Exports		0.95	1.30	3.02	4.21
Oil Exports		0.95	1.22	2.73	3.67
Total Non-OPEC Developing Countries					
Consumption:	Oil	4.57	5.47	6.71	9.08
	Non-Oil	2.21	4.22	5.80	8.67
	Total	6.78	9.69	12.51	17.75
Production:	Oil	2.97	3.57	5.75	8.40
	Non-Oil	2.23	4.23	6.02	9.27
	Total	5.20	7.80	11.77	17.67
Net Energy Imports		1.58	1.90	0.75	0.08

Note: Non-oil energy includes coal, natural gas, hydro and nuclear.

Sources: World Bank, *Energy and Petroleum in Non-OPEC Developing Countries 1974-1980*.
Staff Working Paper, No. 229 (February 1976).

developing countries has continued to the present day. Thus between 1970 and 1977, while the world per capita consumption of commercial energy increased by 117 per cent and that of the developed countries by 8 per cent, the corresponding increase for Third World countries increase was 29 per cent. In global terms the consumption of commercial energy of the developing countries increased from 6.2 per cent in 1955 to 10.2 per cent in 1970 and to 10.2 per cent in 1977.

The structure of energy consumption has also changed since 1955. In that year the contributions of the various sources of energy to NODCs' total consumption was as follows: oil 64 per cent, solid fuel 31 per cent, natural gas 3 per cent and hydro and nuclear electricity 2 per cent. In 1970 the contributions of these sources were as follows: oil 68 per cent, solid fuel 22 per cent, natural gas 7 per cent and hydro and nuclear electricity 3 per cent. Combining the contributions of both oil and natural gas relative to total energy consumption, we notice that their share of the market has increased from 67 to 75 per cent. The obverse side of this change is the obvious fact that coal has lost its share of the market by contributing only 22 per cent of the energy consumption in 1970 as compared with 31 per cent in 1955.

The foregoing analysis of trends in demand for energy and of the composition of the sources of energy reveals two important changes. First, that consumption in NODCs has increased at a much higher rate than the world's average. Second, that oil had increased its contribution to total energy consumption. It should be added in this context that most, if not all of the energy imported by the energy deficient countries took the form of oil. There are several explanations for these changes.

The most important and most encompassing explanation of the rise in energy consumption is rooted in the very development strategy which was adopted by

Third World countries over the last three decades. This development strategy was modelled after the successful economic growth experience of the developed countries. This in turn meant that the desired higher levels of output were both capital and energy intensive.

While this kind of development strategy was indeed successful in the West as it was preceded by an agricultural revolution, it tended to create dual economies in the Third World countries. Such economies are characterised by a modern industrial capital and energy intensive sector and a traditional agricultural sector where a high ratio of the rural population in many Third World countries remained unemployed and/or underemployed. Associated with the emergence of a modern industrial sector in most developing countries was also the emergence of a transport sector which by its very nature is energy (and particularly oil) intensive. The emergence of the transport sector was basically a by-product of the modern industrial sector was in that the latter required a system of marketing and distribution for both the domestic economy and the world market. An important force in the rise of the transport sector of the economy was the migration of the population from the rural to the urban centres. The shift towards urbanisation created with it several sources of demand for energy. These include public and private transport as well as an increase in household demand for energy. The last point is significant since the new arrivals in the urban centres had to change their pattern of energy consumption by shifting from traditional to commercial sources of energy. In other words, the increased urbanisation has tended to reduce the contribution of non-commercial sources of energy to total energy supply and to increase the demand for commercial energy.

It should be noted that the orientation of Third World development strategies were encouraged by several forces, not the least important of which was the availability of oil at affordable and cheap prices. The situation in the Third World now is entirely different in

Industrialized	Reserves	Production	R/P				
Argentina	2.50	440	16	Bahrain	0.3	54	15
Brazil	0.88	162	15	Bolivia	0.4	35	-
Chile	0.44	22	35	Brunei	1.6	207	-
Singapore	-	-	-	Congo	0.4	35	31
South Korea	-	-	-	Egypt	2.5	450	15
Taiwan	0.012	5	7	Malaysia	2.5	190	36
Uruguay	-	-	-	Mexico	14.0	990	39
Total	3.83	629		Oman	5.7	350	45
				Syria	2.2	200	30
Oil Exporters				Trinidad-Tobago	0.7	230	8
Angola-Cabinda	1.2	195	17	Tunisia	2.7	87	85
				Total	32.8	3023	

Balanced Economies

Colombia	0.96	140	19
Pakistan	0.28	10	77
Panama	-	-	-
Peru	0.73	90	22
Philippines	0.1	-	-
Total	4.47	440	-

Primary Exporters

Botswana	-	-	-
Guinea	-	-	-
Guyana	-	-	-
Jamaica	-	-	-
Liberia	-	-	-
Mauritania	-	-	-
Morocco	0.0001	0.4	-
Sierra Leone	-	-	-
Togo	-	-	-
Zaire	0.15	24	17
Zambia	-	-	-
Total	0.15	24	-

Agricultural

Afghanistan	0.084	0.2	1150
Bangladesh	-	-	-
Benin	-	-	-
Burma	0.055	23	7
Burundi	-	-	-
Cameroon	0.06	-	-
Central Afr. Emp.	-	-	-
Chad	-	-	-
Comoros	-	-	-
Costa Rica	-	-	-
Cyprus	-	-	-
Dominican Republic	-	-	-
El Salvador	-	-	-
Eq. Guinea	-	-	-
Ethiopia	-	-	-
Fiji	-	-	-
Gambia	-	-	-
Guatemala	0.016	-	-
Ghana	-	-	-

Agricultural

Haiti	-	-	-
Honduras	-	-	-
Ivory Coast	-	-	-
Iran	-	-	-
Lebanon	-	-	-
Lesotho	-	-	-
Madagascar	-	-	-
Malawi	-	-	-

Mali	-	-	-
Mauritius	-	-	-
Mozambique	-	-	-
Nepal	-	-	-
Nicaragua	-	-	-
Niger	-	-	-
Papua New Guinea	-	-	-
Paraguay	-	-	-
Rwanda	-	-	-
Senegal	-	-	-
Somalia	-	-	-
Sri Lanka	-	-	-
Sudan	-	-	-
Surinam	-	-	-
Swaziland	-	-	-
Tanzania	-	-	-
Thailand	0.00027	0.2	44
Uganda	-	-	-
Upper Volta	-	-	-
Yemen Arab Rep.	-	-	-
Total	0.22	23	-

Total Non-OPEC Countries 41.5 41.39

OPEC member countries

Algeria	6.60	1,152	16
Ecuador	1.64	123	3
Gabon	2.05	222	25
Indonesia	10.00	1,686	16
Iran	62.00	5,663	30
Iraq	34.50	2,493	42
Kuwait	70.10	1,969	97
Libya	25.00	2,063	33
Nigeria	18.70	2,085	25
Qatar	5.60	445	35
Saudi Arabia	153.10	9,200	46
U. A. E.	32.40	1,999	44
Venezuela	18.20	2,238	22
Total	439.90	31,398	-

Total Developing Countries 481.40 35,537

World Total 653.70 62,160

Share of Developing Countries (%) 73.60 57.20

Share of Non-OPEC Developing Countries (%) 6.30 6.70

Note: R/P is the ratio of Reserves to Annual Production.

Sources:

Brookhaven National Laboratory, Energy Needs, Uses and Resources in Developing Countries (March 1978).
OPEC, Summary of OPEC Statistics, 1977; BP, BP Statistical Review of the World Oil Industry 1977.

that these variables (price and availability) have already become economic constraints on their development process. The confluence of these forces, industrialisation, urbanisation, modern transport systems, the question of supply and cost, has created a situation that has placed the developing countries in an extremely difficult position.

"It should also be noted that the decline in oil prices in the period between 1960 and 1973 (in absolute, then in relative terms) had an adverse effect on the development and expansion of indigenous sources of energy supplies. This was particularly true in those developing countries that lost the incentive to expand their coal capacity as well as in those countries that were once self-sufficient in oil but found it cheaper to rely on imports than to invest in new exploration and development. This meant that the processes of industrialisation and urbanisation which caused the high rate of growth in demand intensified reliance on imported energy as the traditional non-commercial sources of energy failed to keep up with the accelerated and changing demand for energy. India is a case in point. In 1953-54, India consumed 171 million tons of coal equivalent of energy, both commercial and non-commercial. In that year, non-commercial energy contributed 75 per cent of the total energy consumed. By 1970-71, India's consumption of energy had increased to 313 million tons of coal equivalent or by 83 per cent. The share of non-commercial energy had declined to 58 per cent and that of commercial energy had increased to 42 per cent."

In 1974, the study recalls, there was a confluence of inflation, recession in the industrial nations and rises in the price of food and oil. These "caused important shifts in the balance of payments position of the developing countries as a group. The increase in the cost of imported oil by \$10 billion was concurrent with an increase of \$6 billion in the cost of imported food and fertilisers during the same period - 1973 to 1974. Estimates as to the impact of the rise in price of imported energy on economic growth is difficult to isolate from other effects. Moreover, such impact will have to vary from country to country depending on the degree of economic diversification, ability to attract foreign capital, ability to maintain export markets and the relative importance of oil to total imports. Thus, in discussing the impact on oil importing developing countries it is necessary to differentiate between two groups of countries.

The first group, which has about 600 million of the 2 billion people who constitute the Third World, consists of the high income countries of Argentina, Chile, Brazil, Korea, etc. Although these countries

experienced a temporary slowdown and an increase in their balance of payments deficits, their flexible and diversified economies helped them to adjust to the new situation. The problem for the other group of countries, where half of the Third World population lives, was far more serious. The seriousness of the problem stems from the fact that their export prices lagged behind the general inflation while their import costs rose sharply. This led to serious deterioration in their terms of trade and caused setbacks in their development prospects. Countries in this group are inherently handicapped in their ability to adjust to changes in external economic conditions. This phenomenon is due to the narrow range of their exports and to the fact that the ability to adjust to change tends to diminish at lower levels of development."

In many Third World countries, development strategy was determined initially by colonial powers and has not changed significantly since they became independent states. The South-South trading pattern advocated by Sir Arthur Lewis, a 1979 Nobel Prize winner for economics, has not developed very much beyond traditional trading patterns. Total exports to developing countries from major oil producing states rose from 16.3 per cent in 1971 to 20.5 per cent in 1977, while imports from developing countries to the oil producers rose by only 0.8 per cent during the same period, from 10.6 per cent to 11.4 per cent (see table).

OPEC reluctant to invest directly in Third World

Growing resistance in the industrial world to South-North trade in manufactured goods has thus added to the damage caused by development strategies aligned to this trading pattern, especially when it led to increased dependence upon imported energy. The huge surge in imports by OPEC countries since 1974 largely bypassed the Third World.

Development aid apart, OPEC countries have been reluctant to invest directly in the Third World, preferring instead to place their surplus funds in the industrialised Western countries. Although Western financial institutions have since funnelled some of this money to Third World countries as Euroloans, World Bank loans and IMF credits, the investment of OPEC surpluses in the West, which has ample sources of capital, represents a serious misdirection of funds. Desperately short of capital, Third World countries have failed to attract OPEC money. The reasons for this aberration are set out in a confidential briefing

document prepared by Prof Zuhair Mikdashi for a meeting of the Arab-European Business Council held at Cologne, near Geneva, on November 27. Prof Mikdashi lists the following constraints to direct investment in the Third World: "(a) the limited number of entrepreneurs and financiers in the OPEC capital-surplus countries able to identify and consummate investment opportunities; (b) the inadequacy of information on investment projects, legislative (and) administrative frameworks and the socio-political environment; (c) the narrowness of areas of interdependence (e.g. trade) among developing countries (OPEC and non-OPEC); (d) the need to involve several parties in the realisation of investment projects, especially enterprises from the technologically advanced countries, and (e) the comparative ease of investing or disinvesting in Western financial markets, which enjoy greater transparency of information and rapid communications."

As last week's meeting at Caracas showed, OPEC states and Arab development funds are very anxious to limit the damage that higher oil prices do to Third World economies (see box). There have been complaints that a disproportionate amount of Arab aid has gone to other Arab or Islamic states, but it could be argued that this aid has enabled industrial nations to direct their assistance elsewhere in the Third World. Equally, there have been repeated complaints by donors that many Third World governments have proved incapable of presenting viable proposals for development projects and that funds which are

available thus remain unspent.

In the short term, the latest increases in oil prices mean that Third World countries will have an urgent need for balance of payments loans. The IMF's \$10 billion Witteveen Facility, to which OPEC states contributed half of the funds, is largely untouched and can be used for this precise purpose. But a great deal more money will undoubtedly be needed if Third World countries are to be helped to adjust to the new cost of energy.

Looking further ahead, OPEC countries could best assist Third World countries by joining in the World Bank's project to finance the search for oil and other sources of energy in countries that depend at present upon imported fuels. Many Third World countries have untapped oil (see table) that, at current energy prices, would be profitable to develop if capital were available. The sooner that OPEC sheds its Third World customers in this way, the better for all concerned.

At the same time, OPEC countries and Arab funds could provide financing to help Third World states to rethink their development strategies since this is clearly a necessity. The new strategies should be aimed at reducing Third World dependence upon imported energy, notably through the greater use of intermediate technology and renewable sources of energy. Finally, OPEC countries could help the Third World heed the advice of Theodore Schultz, the other co-winner of the 1979 Nobel Prize for economics, to concentrate on agriculture first before seeking their salvation through industrialisation.

December 19, 1979

EXCHANGE RATE

CONVERTIBLE CURRENCIES

NON CONVERTIBLE CURRENCIES

Country	Unit	S	£	DM	SE	FF	Yen
Bahrain	Dinar	2.648	1.203	4.580	4.263	10.749	635.42
Iran	Rial	Quotations not available					
Kuwait	Dinar	3.648	1.658	6.311	5.874	14.812	875.59
Lebanon	Pound	0.297	0.135	0.514	0.477	1.207	71.35
Oman	Rial	2.893	1.315	5.005	4.658	11.746	694.34
Qatar	Rial	0.270	0.123	0.467	0.434	0.96	64.78
Saudi Arabia	Rial	0.297	0.135	0.513	0.476	1.205	71.20
UAE	Dharam	0.265	0.121	0.459	0.427	1.078	63.72

Country	Unit	S
Algeria	Dinar	0.2655
Egypt	Pound	1.4215
Iraq	Dinar	3.3862
Jordan	Dinar	3.3444
Libya	Pound	3.3778
Morocco	Dharam	0.2663
Sudan	Pound	2.0000
Syria	Pound	0.2547
Tunisia	Dinar	2.5198
Yemen (North)	Rial	0.2192
Yemen (South)	Dinar	2.8952
Djibouti	Franc	0.0056
Mauritania	Ouguiya	0.0218
Somalia	Shilling	0.1588

By courtesy of *Union de Banques Arabes et Financiers UBAF* Sources: S. S. S. S.

WHAT OPEC HAS DONE FOR THE THIRD WORLD

Between 1974 and 1976, OPEC member states committed \$18.521 billion in aid to the Third World, of which \$12.496 billion was disbursed during that period. Since then, OPEC Arab states have been channelling assistance to developing countries through a variety of funds. The principal funds are

OPEC Special Fund. This fund had an original capital of \$800 million when it was founded in 1976. The capital was increased to \$1.6 billion in 1977 and to \$2.4 billion in June of this year. The capital was increased by a further \$1.6 billion to \$4 billion at last week's OPEC ministerial meeting in Caracas. By the end of 1978, the Fund had committed a total of \$927.2 million but disbursements at that date amounted to \$372.4 million. The OPEC Special Fund lent another \$261.3 million during the first half of 1979.

Islamic Development Bank. Founded in 1977, it had committed \$182.3 million by the end of 1977, but had disbursed only \$14.8 million at that date. The bank made further commitments of \$161.7 million in 1978 and of \$64 million during the first half of 1979.

Arab Fund for Economic and Social Development (AFESD). Founded in 1968, it did not become operational until 1973. Its capital is Kuwaiti Dinars 400 million (\$1.4 billion) and it had committed KD 295.3 million (\$1.08 billion) of this at the end of 1977. It committed a further \$198 million in 1978 and \$253.4 million during the first half of 1979.

Arab Bank for Economic Development in Africa (BADEA). Founded in 1973, its cumulative commitments totalled \$209.89 million at the end of 1977. BADEA's commitments in 1978 amounted to \$53.4 million in 1978 and a further \$7.2 million was committed in the first half of 1979.

Special Arab Aid Fund for Africa (SAAFA). Founded in 1974 with an authorised capital of \$200 million, it had committed a total of \$370 million when it was merged with BADEA after this bank became operational in 1975.

Kuwaiti Fund for Arab Economic Development (KFAED). Founded in 1961 with a paid up capital of KD 452.3 million (\$1.63 billion) at the end of June 1977. The Fund's total

commitments came to \$1.55 billion at that date. The Fund committed \$198 million in 1978 and a further \$253.4 million in the first half of 1979.

Abu Dhabi Fund for Arab Economic Development (ADFAED). Founded in 1971, its total commitments were worth Dirhams 1.64 billion (\$432.9 million) at the end of 1977. It committed a further \$215.3 million in 1978 and \$65.5 million during the first half of 1979.

Saudi Development Fund. Founded in 1974 with a capital of Saudi Rials 10 billion (\$2.97 billion), it had total commitments of SR 5.8 billion (\$1.72 billion) at the end of 1977. It committed a further \$630.3 million in 1978 and \$261.3 million in the half first of 1979.

Iraqi Fund for External Development (IFED). Founded in 1974 with a capital of Iraqi Dinars 50 million (about \$180 million), its commitments were about \$63 million at the end of 1977. It committed a further \$39.5 million in 1978 and \$6.5 million during the first half of 1979.

Aid has also been channelled to the Third World through UN agencies and through loans to the IMF and World Bank as well as through a member of smaller agencies. These include the Arab Monetary Fund, which has only recently begun operations, the OPEC Special Account (which was wound up in 1976 after making commitments of \$146 million), the Arab Fund for Technical Assistance to Arab and African Countries and the Arab Authority for Agricultural Investment and Development (AAAID). AAAID was set up in 1976 to develop Sudan's agriculture with a capital of KD 150 million (\$540 million) and envisaged eventual investments of over \$5 billion. Whether these will now be made is questionable, however.

Sources at the ministerial meeting in Caracas said the poorer Third World countries could expect to receive grants from the Special Fund equal to the difference in what they spend for oil as a result of the latest price increases when compared with the previous price. Some developing countries can expect to receive grants equal to half of the difference between their oil bills in 1979 and 1980 and the remainder in soft low-interest loans. More developed countries can expect loans at terms equivalent to those of the IMF.

INTER-ARAB AFFAIRS

REGIONAL ORGANIZATION FOR NILE WATER USE CONSIDERED

Cairo ROSE AL-YUSUF in Arabic 3 Dec 79 pp 28-29

[Article by 'Ayda al-'Azab Musa: "Regional Organization for Nile Valley Basin; Council in Nairobi to Discuss This Project"]

[Text] Communications are currently taking place between Egypt and the African countries that are located in the Nile Basin to establish a regional organization that would include the countries that share the Nile basin. These countries are Egypt, Sudan, Ethiopia, Kenya, Uganda, Tanzania, Rwanda, Burundi and Zaire.

The Egyptian Ministry of Foreign Affairs has drawn up the concept of a draft charter for this organization which would ensure that the waters of the Nile not be used to exert pressure [on any one of the countries]. It would ensure that Nile waters not be misused, that commo. measures be taken to protect Nile waters from pollution and that Nile waters be utilized in the interests of the countries of the organization. The charter also includes [stipulations] that the other countries not be harmed.

The question that comes to mind is this: What are the reasons that make Egypt, at this time in particular, take diplomatic action and raise a subject that has not been raised ever since Egypt signed the Nile Agreement with Sudan in 1959?

Is there anything that would call for a review of the positions of some of the countries of the Nile Basin in order to conclude an agreement with them? In plainer words, has the distribution of the water of the Nile become the subject of review or of dispute among the nine countries, especially since Egypt is the primary beneficiary of the Nile waters? The other countries do not benefit directly from the waters of the flood. Tanzania, for example, takes its water [supply] from the Kagera River whose source is Lake Victoria. Kenya, Burundi and Rwanda depend basically on rainfall.

The answer to the previous question leads us to say that although the question of the Nile water is a sensitive one, it must be dealt with openly and clearly. It is one of the issues that is most often used against Egypt. During the administration of former Emperor Haile Selassie, for example, Ethiopia had often threatened that it would prevent the flood waters from reaching Egypt.

The fact is that the nucleus of this organization has actually been in existence since 1959. When Egypt thought of building the High Dam, it signed with Sudan an agreement for the "full utilization of the waters of the Nile."

The agreement stipulated that a permanent authority be jointly established between Egypt and Sudan with an equal number [of members] from both countries to supervise the implementation of projects that are established on the Nile.

The agreement also included an item dealing with the rights of the countries of the Nile Basin that did not join in the 1959 Agreement and whose development projects requires use of the waters of the Nile.

"Because the countries that are located on the Nile, other than the two republics that had entered into the agreement, are asking for a share of the Nile water, the two republics have agreed to consider together the requests of those countries and to come to a uniform opinion on that matter. If the investigation reveals that it would be possible to take in any quantity of water from the river's supply and earmark it for one country or another, this quantity--computed from Aswan--would be deducted equally from the two countries. The joint technical authority that is referred to in this agreement is to join specialists in other countries to watch that these countries not exceed the quantities of water that had been agreed to."

Chairman of the Nile Water Authority, Engineer Muhammad Amin Muhammadayn says that in spite of this stipulation and in spite of efforts made by the authority to make any one of the countries of the Nile Basin join the organization, none did come forward to do so. Egypt's concern about contacting these countries is attributable first and foremost to the interests of all these countries and then to the interests of Egypt.

Were we to go back in history to 1929, we would find that Egypt had been involved in a struggle over the waters of the Nile with the British government which occupied the Sudan at that time. Negotiations [that followed the struggle] resulted in the signing of the 1929 Agreement which stipulated that no projects be established on the Nile until consultations with Egypt were conducted so that Egyptian interests would not be impaired.

When Uganda built the Owen Dam in the fifties, Egypt and Uganda agreed to generate electricity from the dam. Egypt paid Uganda 4 million dollars in compensation. In return, it stipulated that the quantity of water leaving

the dam should be equal to the quantity of water that is allowed to flow into Lake Victoria so that the water level in the lake would remain the same, as though the dam did not exist.

All this preceded the independence of Uganda and of other countries located in the Nile Basin. After Sudan [got its] independence in 1956, Egypt began thinking of building the High Dam. An agreement with Sudan was inescapable, and Egypt, therefore, concluded the aforementioned 1959 Agreement. Meanwhile the British government, which still occupied countries of the Nile Basin, sent a memorandum to both Egypt and Sudan to establish the rights of those occupied Nile Basin countries to benefit from the waters of the Nile.

After these countries received their independence, some of them began to create problems regarding the distribution of water. Egyptian and Sudanese officials began contacting those countries, but none of them came forward to participate in the Nile Water Authority one of whose charter articles included discussions with the countries of the Nile Basin about joining the authority.

The countries of the Nile Basin continued their total renunciation of participation in the authority. But then the United Nations proposed a project to study the Nile Basin. It began with a research project (that is, water and atmospheric research) of the water of the Nile. A project system was set up in 1964. Engineers from Egypt, Sudan, Uganda, Kenya and Tanzania participated [in this effort]. The actual survey and statistical work was begun, and the project was located in the city of Entebbe in Uganda, and every country of the five countries was represented by a member.

The first phase of the project was completed in 1971. During the same year there was some contact with Ethiopia to investigate the tropical lakes project for hydrometeorological studies in the hope of finding some relationship between Ethiopia and the Nile Water Authority. However, Ethiopia was not enthusiastic about this.

The study of the second phase of the project began in 1971. This phase was called the mathematical model. It consisted of a kind of mathematical equations by means of which one may know the effect of the drawing and the outflow of water on the course of the Nile. All this was completed on a purely technical basis.

"Negotiations about implementing the second stage of the project began in 1973. Rwanda Burundi participated in the negotiations, and Ethiopia participated as an observer. In 1977-1978 negotiations for having Zaire to join the organization began.

"Now that the authority for the project has acquired a large amount of serious research and studies about the course of the Nile that await the stage of implementation, it is the opinion of the Nile Water Authority on

the occasion of the completion of the second stage of the project that the ministers of the Nile countries be invited for an investigative discussion that would be held in Nairobi early next year. The ministers would consult with each other [on matters] relating to the following stage of the project which would be within the framework of serious cooperation between these countries.

"At the same time the Joint Technical Nile Water Authority submitted a working paper for a proposed agreement to establish an authority that would include the nine countries of the Nile Basin. It was sent to the remaining countries of the basin by the Egyptian and the Sudanese ministries of foreign affairs or by their own representatives. The Technical Authority for the Hydro-meteorological Studies Project approved the proposed agreement and requested that the Nile Water Authority take the legal measures for making the agreement legal. We are still awaiting the responses of these countries."

The president of the Nile Water Authority ended his statement, but the question about the unwillingness of countries to take part in the authority remained [unanswered]. One of the Ethiopians explained: "The reason is the fear that Egypt will take all the water." Although there is some exaggeration in this explanation, it does call for some investigating.

I asked Engineer Taha Abu al-Dhahab, director of the Technical Office at the General Secretariat for Sudanese Affairs in Egypt [about this matter], and he said, "The waters of the Nile were flowing without any restrictions until 1959 when the High Dam Agreement was signed. This agreement limited Egypt's and Sudan's share of water."

Studies and observations conducted over the past 60 years have shown that the annual flow of Nile water at Aswan is estimated to be 84 billion [cubic meters]. This is the natural supply of the river. This water is divided between the two countries, and Egypt's share was considered to be a right that it had earned. It is estimated that Egypt took 48 billion cubic meters, and Sudan took 40 billion. Before [construction of] the High Dam this distributed amount and the rest of the water were lost through evaporation and seepage. The High Dam will save 22 billion cubic meters of water annually. This water would be divided between Egypt and Sudan: Sudan would take 14.5 billion so that its total annual intake of water would be 54.5 billion cubic meters; and Egypt would take 7.5 billion, and its total annual share of water would be 55.5 billion cubic meters.

The question now is this: how will Egypt utilize its share of Nile water? The recent report by the Minister of Irrigation indicates an urgent need for this water. Engineer Taha Abu al-Dhahab also told us clearly that we did not now have any water surplus that would help in the process of development and land reclamation that we urgently need. The water we get barely meets our needs. This may be due to the fact that Egypt has not yet been able to make ideal use of the Nile water. About 10 billion cubic meters of water are lost because of the old irrigation methods that are still in use.

We can save much water by adopting modern irrigation methods. We can also utilize 5 billion cubic meters of drainage water after treating it chemically. We would then have several billion cubic meters of water with which 1 million feddans of agricultural land or more can be added within the current supply [of water] by providing instruction in the use of irrigation water.

Regarding the question about the threats made by Ethiopia to prevent the waters of the Nile from reaching Egypt, the truth is that 70 percent of the 84 billion cubic meters, which constitute the yield of the Nile, come from Ethiopia. However, Ethiopia cannot completely prevent this water from flowing into Egypt because heavy rainfall accompanies the flood period. Ethiopia can establish some agricultural projects that would draw part of the water during the drought period, but the dry season does not last more than 4 months. This would reduce the flow of the Nile waters at a meager rate, but it cannot prevent the water from flowing [into Egypt]. The Nile is the natural drainage canal for Ethiopia's rainfall.

Despite these reassuring words from Egyptian officials, the size and the influence of the countries of the basin, their former positions and their current demands must be taken into consideration. Our growing needs for water must also be taken into consideration. The establishment of a regional organization that would include these countries is considered necessary for the development process of all parties. Water would thus not remain a political weapon to be used against any one of the countries of the Nile Basin.

Will the countries of the Nile agree to the establishment of this regional organization?

This is what will become evident at the Nairobi Conference that will be held early next year.

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INTER-ARAB AFFAIRS

RED SEA REGIONAL COOPERATION DISCUSSED

London AL-DUSTUR in Arabic 26 Nov-2 Dec 79 p 21

[Article: "Egyptian Discussion on Red Sea: The Search for an Alternative Affiliation; Will There Be a Search for a New Political Unity Whose Mainstay Is Egypt, Israel and Sudan?"]

[Text] Under the slogan of "Struggle and Cooperation in the Red Sea" an international council was recently convened at the al-Ahram Building. The council was chaired by Dr Butrus Ghali, president of the Center for Political and Strategic Studies in al-Ahram. Participating in the council were Dr Khayri 'Isa, dean of the College of Economics and Political Science at Cairo University; Mr Jamal Ahmad from Khartoum; F.G. Von (Baudebsen) from the Hamburg Research Institute in West Germany; Dr (Bona Malual) from St Anthony's College of Oxford University in Britain; Dr Stephano (Silvestere), deputy director of the Institute of Foreign Affairs in Rome; and Dr Paul (Vatikyutis) from the College of Eastern and African Studies at London University. In addition, there was a number of Egyptian and foreign observers.

The Alternate Affiliation

Informed sources in Cairo are saying that the purpose of organizing studies dealing with the Red Sea is divided into two parts: the first part conceals the second. On the one hand, those who are overseeing the preparation of the research and the studies are saying that academically speaking, there was a lack of comprehensive research on the Red Sea area. There is much research dealing with some countries in the area and with the existing conflicts there such as the Arab-Israeli conflict and the Ethiopian-Somali conflict. There is no comprehensive study, however, about the area and its relations. On the political side, it seems that Egypt is trying within its non-Arab policy to identify for itself an alternative area of affiliation other than that of the Arabs, especially since Sudan and Israel are located on the Red Sea and are supporting Egypt in the present stage.

The study is divided into two sections: there is, first, a study of the current trends and principal components of conflict and cooperation in the Red Sea area, with an evaluation of the political, economic and military balance in the area; second, [there is consideration] of the establishment of relations between Arab and foreign researchers who are concerned with the problems of the Red Sea.

The study focuses on analyzing the existing conflicts in the area and on identifying the factors and the interests that stir them up on both the regional and the international levels. Besides the Arab-Israeli conflict which manifests itself in the Red Sea region--even though its basic, central issue is outside the area--most of the other conflicts in the area have an international nature. An example of this is the existing conflict between Ethiopia and Somalia or that between Ethiopia and the Arab countries. The study states that in two respects these conflicts do not go beyond the regional framework.

A. The elements that define these conflicts go beyond national borders to the countries of the area where some racial communities or tribes may be found concurrently in one country and another, such as those that reside in the Republic of Djibuti and Southeast Eritrea, or those that reside in Sudan and northwest Eritrea.

B. Forces that help solidarity inside the area have ties outside the area; they have ties with Islam, Christianity and Marxism in addition to some political parties such as the Arab Ba'th and the Arab Nationalist Movement.

Multi-National Relations

And here the study focuses on analyzing the current situation with regard to cooperation between the countries in the area. This includes bilateral and multi-national relations on both the political and military levels as well as the level of multi-national organizations such as the Organization of African Unity and the Arab League. The study also deals with the military and financial aid system, most of which comes from outside the area. The study concludes that bilateral relations prevail among the countries of the area that belong to multi-national organizations, but that there was no special organization for the countries themselves.

It is thus that many factors outside the area come to have an effect on the course of events in the area. And here, states the study, appears the danger of increasing the intensity of the conflicts in the area. The study also notes that "There are no organizations that tie the area to any one of the great countries in a manner similar to that of NATO."

It was, therefore, the opinion of those who were overseeing the preparation of the study that fundamental principles for cooperation between the states and countries of the Red Sea be established as follows:

Relations of economic cooperation between the countries of the area are characterized by considerable weakness. In spite of the fact that there are some economic ties such as the immigration of Egyptian workers to Saudi Arabia and the aid that the latter country offers some countries in the area, most relations of economic cooperation are formed between the countries of the area and the advanced countries of the world. This is due to the existence of oil in some countries and of a single agricultural crop--cotton--in some of the other countries. Both oil and cotton are exported to foreign countries. This situation is also due to economic backwardness in general.

There are, nevertheless, many factors that help the establishment of relations of economic integration among the countries of the area. An example of this is the fact that Egypt has a surplus of trained manpower, whereas Sudan has a surplus of farm land.

But the Red Sea area differs from other areas, such as that of the Mediterranean, in that industry comes to it from abroad in the form of investments, aid or technology.

Regarding strategic significance, the study states, "The Red Sea is considered the only sea outlet for Sudan, Ethiopia and the Arab Republic of Yemen. It is also extremely important for Israel, especially the Straits of Tiran and Bab al-Mandab. The Red Sea is regarded as the channel of communications between the Mediterranean Sea and the Indian Ocean. It acquires, therefore, extreme significance for the super powers, for Europe and for the countries of the Mediterranean Sea. The Red Sea is very close to the largest oil producing and exporting area in the world: The Gulf area."

After the manner of similar projects in the Indian Ocean, the Red Sea can become an important factor in the attempt to reduce arms.

It thus seems clear and doubtless that Egypt's attempt to find a new area of influence to protect its internal weakness and its need to belong to an Arab organization is proceeding at full speed inside the country. [This effort] is noticeably supported by al-Sadat's regime which did turn to the Red Sea at a time when its isolation from the Arabs has been carried too far.

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REPORTER'S COMMENTS ON ISLAM, CHRISTIANITY CHALLENGED

London AL-HAWADITH in Arabic 7 Dec 79 p 78

[Article by Dr Munir 'Aql: "St. Paul was the Lenin of the New Age; The Last Supper Represents Separation of Christianity from Old Age". For related article please see JPRS 74889, 9 January 1980, No 2065 of this series pp 34-65]

[Text] If Jalal Kishk made an error in interpreting Christian religious rites and rituals, some of those who reacted to his ignorance of this subject or discussed the superficiality of his comments were not less mistaken than he was, nor were they less fanatic or impassioned.

Most of the replies that appeared on the pages of AL-HAWADITH did not reach the core of the problem but rather touched from afar the position that Jalal Kishk had taken without dealing with his thoughts or with his knowledge. It was thus that the heated debate appeared like a duel between Mustafa Shukri and George Shukr and instead of being a debate between those who were invited by AL-HAWADITH [to express their opinion] in a free platform where truth would be arbiter and guide, it revealed [their] fanaticism.

The courageous candor that such treatments require presupposes by necessity a discussion of the errors that Jalal Kishk made in his article, "Has the Confrontation Between the Christian West and Moslem East begun?" (AL-HAWADITH No 1199).

It is true that the sarcastic style which Jalal Kishk utilized to support his arguments was one of the principal reasons that weakened his position and intensified the wrath of his readers against him. But it is also true that he wanted to embark upon a subject whose elementary principles he knew nothing about. He spoke about a religion whose philosophy, traditions and rituals he knew no more about than Jimmy Carter knows about the Holy Mosque.

This ignorance became evident when he talked about the Last Supper which is an incident that represents in Christianity one of the most important stages of change in the old history.

In making some of the comparisons that show clearly the depth of the psychological complexes that have been stored in his subconscious, Jalal says in a derisive manner:

"If we were to grow our beards, we would be accused of being reactionaries and fanatics. But no such accusations are made when 80,000 persons gather in the capital of the industrial and financial world, the city of moral depravity where 5,000 male and female minors are raped every night and where an accident occurs every 12 minutes. This is the city that manufactured the atomic bomb and sent men to the moon; it is the city which has 80,000 old and young men and women of different professions and educations, rushing to eat the flesh of Christ and to drink his blood so they can become one with him. They are exactly like the aborigines and the primitive people in Australia and in Africa who eat the heart of a lion so they can become [as brave as] lions. Those were the people who were given the opportunity to partake of the honor of communion. Had there been enough space, 100 million persons would have participated in the supper. And then we, the Moslems, are accused of believing in superstitions!"

I said, "About this matter you know that it is a mere symbol." He said, "And this is what is most dangerous about the matter. If they were actually eating and drinking, their conduct would have been understandable. But is not the fact that the elite in the civilization of the Western world believe that with the blessing of a human being, bread would turn into the body of Christ and wine would turn into his blood, and they would then devour this happily--is not this--the basis for the savagery of western civilization? If they drink the blood of the one they love, the one who sacrificed himself for them, what would they do to their enemies?"

This was the dialogue that took place between Jalal Kishk and Dr Hasan Shari'ati Zadah who is an Iranian professor of electronics in the United States and one of Khomeyni's supporters.

What is understood from the criticism of Christianity by the criticism of the Last Supper is the fact that Mr Jalal and Professor Hasan understood that the symbols of this event were confined to a process of devouring chunks of raw flesh like cannibals and gulping down goblets of warm blood. On this premise they assumed that the practice of practicing these rituals and rites was responsible for the savagery of western civilization!

In order to keep ignorance from having sole control over this line of thinking, we must explain the story of the Last Supper to protect the integrity of knowledge and to affirm that those who write in AL-HAWADITH do not cheat people with their deficient knowledge or with their little learning, which, according to the British proverb, is a dangerous thing.

As a faith, Christianity makes a distinction between Christ, the Messiah and Christ who is called the son of man.

Christ, the son of man, was not given an edible body or potable blood. He felt that his hour with the Romans had come and that he would be delivered to the ruler to be put on trial and crucified. Therefore, he gathered his disciples and during the Last Supper announced to them that he would leave them a moral legacy to be commemorated. Christians call this legacy "the anniversary of sacrifice and redemption."

The Jews had a feast that coincided with the beginning of spring and is called in Arabic 'Id al-Fish [the feast of Easter]. The Hebrew name was translated into the western languages as Passover; it means passing or crossing, and it commemorates the Jews' crossing of the Red Sea and their emigration from Egypt. Christ wanted to make a distinction between the religion that preceded his advent and the new religion that was to follow his advent. This is what is called the New Age. Hence lies the reason why criticism of the Pope in the United States by Jewish newspapers and organizations was a big issue. The Pope had dared to proclaim the New Age, the age which separates Christianity from Judaism, making [the former] the opposite of [the latter]. The Pope made his proclamation in a public celebration in which the old and the young participated. Jalal Kishk, of course, took the side of the Jews without knowing that he was doing so, even though their intentions in attacking the Pope differed from his. The Jews were attacking the Pope because they knew what they were doing, but Jalal was attacking him because he was ignorant.

For further information, history records the incident of the Last Supper as the last day in the life of Christ and the first day of the beginning of the Christian mission after his crucifixion.

Jews have been eating bread and drinking wine--and they are still doing so--to commemorate this feast, that is, the anniversary of their emigration from Egypt. In ancient times bread and wine were worshiped, but Christ came and brought the Jewish custom to an end and began a Christian custom. During the supper Christ told his disciples that his departure from them would be final. He divided the bread among them, and he distributed the wine to them and told them, "From now on, we will have our feast. It is the feast of your sharing with me the flesh and the blood of the new age, the new religion whose message I brought to you. Remember, I am the Messiah. I was [a man of] flesh and blood among you, and now I depart from you and leave you with a memory--the memory of our sharing the flesh and the blood of the new spiritual mission. It is a mission of sacrificing your flesh and your blood for what is more exalted and more noble. You have to sacrifice your blood and your bodies just as I sacrificed my blood and my body."

Protestantism attaches more importance to this statement than Catholicism does because Protestants believe that it is more spiritual and less traditional. When one says, for example, that "Oil is the life blood of industry," one does not mean the blood that flows in the arteries. The symbol that Christ used was derived from the circumstances of the time. He compared his death with the birth of a new religion and the appearance of a new mission whose spiritual heritage would be shared by its sons who believed in Christ and for whom he was crucified and his blood was shed. Otherwise, what is that power with which the followers of Christ in the caves of Rome used to face the hungry lions and the harsh hearted executioners? In fact, what was this spiritual power which faced the prospect of burning and crucifixion with a smile and a prayer?

The question is not one of an invitation to a dinner party, just as a dinner party is not the symbol of the holy month of Ramadan which does not signify food and drink. [The occasion] rather commemorates the departure of a new age full of faith and separate from an old age that had nothing but idols and paganism.

We do not want in this hastily compiled report to document Mr Jalal's intellectual lapses and his departure from all logic because in this case the one with a purpose becomes the prisoner of the mistaken rule that he adopts to publicize his convictions. This is like stating, for example, that Idi Amin was overthrown because he was a Moslem and that Boucassa was overthrown by the Catholics because he had the nerve to adopt Islam. Deep down Mr Jalal knows quite well that such conclusions are fundamentally erroneous and are removed from all logic and justification. He also knows that such examples cannot serve as superior models for Islam. Let us borrow a statement from Jamal 'Abd-al-Nasir who used to say, "Affiliation with a religion is not a patriotic posture. As far as justice and patriotic postures are concerned, Archbishop Makarios was more significant and greater than the Moslem Shah of Iran." In the shadow of this erroneous logic, we ask why did President Kennedy who was a Catholic order the overthrow of Nhu's regime and his assassination? Nhu was a Catholic. Why did the Christian United States overthrow the regime of Christian Battista in Cuba and the regime of the Christian generals in Greece?

Jalal attributed the second error he made in ignorance to his Pakistani friend, and then he adopted it. He described St. Paul as a person whose teachings were not fit for adoption by the Church. He said about St. Paul, "He never had any political or social responsibility; nor did he even have a family. His life ended unfortunately by the oppressors of Rome who crucified him upside down."

Historians say that if Christ were the Marx of Christianity, St. Paul would be its Lenin. Some of them go so far as to give him the primary role in the spreading of this mission. Although he was a fanatic and an aide to the idolaters, he became a believer and an advocate for Christianity. "You can choose ignorance; you can choose Islam."

In order not to lose sight of St. Paul's life in the rush of superficial information, we must provide a quick review of his life because he was not an ordinary person. He was born Paul, and he grew up in the city of Tarsus (Sanjaq al-Iskandarun). He joined the army and achieved a high rank that no other officer had achieved. He was given the title of commander. Since he was a scholar, a knowledgeable man, an orator and a lecturer, well-versed in a number of eastern and other languages, the command charged him with the most significant and the most dangerous function--that of curbing the spread of the Christian message. The command had realized the danger that the military empire may fall in front of the power that Christ had unleashed in the west and in the east. The person who was charged with this difficult mission was supposed to be a skillful military person and an eloquent orator. Paul (Shawul) gave Christianity a boost during its most difficult and its most dangerous period. He became its orator and its philosopher. Then he refused

to be crucified like his master, Christ, and he asked that he had to be crucified with his head pointing downward.

This is a trickle from a deluge.

But what is even more unfortunate is the fact that when Jalal Kishk was in Beirut, he was somewhat more objective and secular. He then turned into a fanatic, and when he moved to London and Washington, his words reeked of ancient history. What is also unfortunate is that when he saw the crowds assemble around the Pope to participate in the Holy Mass, he discovered that the West was religious. He was surprised and astonished that the city which had manufactured the atomic bomb had turned into a city that believed in rituals. But what does science have to do with faith? His friend, the Iranian, teaches electronics in the universities of the United States, but his emotional and religious roots have ties that go back 2,000 years. Such examples are numerous and innumerable. Ghandi was one of the most important figures in history, but he used to stand up to show respect when a calf passed by. We find this worship of the past even in the Soviet Union and under communism. In the heart of the winter season people would form a line three kilometers long to look at, admire and worship Lenin's embalmed body.

The answer to these riddles does not lie in the casuistic explanation that was given by the Pakistani nuclear scientist or by the Iranian electronics professor. The fact that Armstrong reached the surface of the moon signifies that he is knowledgeable about the world of electronics, but it does not mean that he has the answer to his fear of the unknown. The fact that this fear of the unknown is widespread is evidence of everybody's failure and of everyone's inability to find solutions for himself and for the world. Religion is the salvation of the one who believes that it will save him and deliver him. It makes no difference whether that person be a Moslem nuclear scientist from Pakistan or a Christian university professor from Boston.

Returning to religion or going back to the literal meaning of the holy books in the West is a posture that stems from man's inability to control his future and his destiny and to rid himself of his inner anxiety in spite of the fact that he has reached the atomic age. In the Third or in the developing World, however, the phenomenon of faith is different. Man in this world suffers from his inability to master technology. It seems to him, therefore, that solving the problem of backwardness would lie in a return to religion. The return in this case takes a political direction, such as the rejection of scientific progress and development because their source is the West.

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ARABS URGED TO RETURN TO ISLAMIC IDEALS, HERITAGE

London AL-HAWADITH in Arabic 7 Dec 79 pp 75-77

[Article by Qadri Qal'aji: "Will Islam Continue Its Defiant Stance in Face of the al-Shu'ubiyah* Attack?"]

[Text] Once again [we speak] about the 15th century Hijrah which came upon the world of the Arabs and Moslems at a time when its ideologies were shattered, its trends diverse and its policies conflicting, with one country leaning towards the West, one leaning towards the East; and a third withdrawing into its own shell as though the spirit of pre-Islamic paganism had been revived again. On this memorable occasion Qadri Qal'aji speaks about the factors that led to the victory of Islam and about the factors that brought about the decline of the great Islamic Arab state. He calls upon the Arabs to return to their identity and their mission.

As a spiritual being and an individual in a society man bears within himself two dimensions. The first pertains to his relationship to God, his faith in Him and his worship of Him. This is what has been recently called in intellectual thought the transcendental and the metaphysical. The second dimension of man is tied to the social and economic organization of life among individuals, groups and nations.

These two dimensions were brought together by Islam which is a doctrine that the Holy Koran designated by the word, faith, and a law that it designated by virtuous action. Islam then is the divine law that regulates man's relationship to his creator. It also regulates life on earth among all people regardless of their color, their race and their nationality. "We have sent you forth as a blessing to mankind" [The Prophets: 107].

* Factionalism: in history, the name of a movement by non-Arab Moslems opposed to the idea of Arab superiority and more in favor of brotherhood and equality of all Moslems. Today, it has the meaning or sense of factionalism and may even be applied to non-Moslem residents (i.e., Christians) in the Arab world.

There is one source for doctrine in Islam: it is the Koran whose meaning is plain and conclusive and bears no more than one explanation. The Sunna, which consists of the statements, the actions and the legal decisions of the prophet, confirms [Islamic] doctrine and provides evidence to support it when frequent and diligent accounts by narrators of the Prophetic tradition provide definitive statements about the doctrine and a clear indication of its import.

The Shari'a, or its principles [that is, the canonical law of Islam] is prescribed by God so that man could adopt its precepts in his relationship with his God, with his Moslem brother, with his fellow man, with the universe and with life. The Shari'a has two parts. The first part [deals with] the rites of worship or the actions by means of which man approaches his god and by practicing which he proves his true faith. These [tenets] are professing the unity of God and the prophecy of Muhammad; praying; fasting during the month of Ramadan; offering the al-zakah [the alms tax] which is a payment taken from the funds of the wealthy and given to the poor in the public interest; and, for those who can do so, making a pilgrimage once in a lifetime to Mecca. The second part of the Shari'a deals with mutual relations, that is, the actions that protect the interests of individuals and, accordingly, those of society. The second part of the Shari'a defines the rights and duties [of individuals], and this includes family affairs, the inheritance system, economic and financial transactions and worldly penalties, including civil and criminal responsibilities. It [regulates] Moslems' relations to each other as well as their relations to others on the basis of peace and cooperation.

The source of the Shari'a is based on the following sequence: (1) the text and content of the Holy Koran, and (2) the Sunna which confirms, affirms, explains or interprets what is in the Koran. The Sunna also legislates independently of the Koran and determines what is right and what is wrong in matters that are not explicitly mentioned in the Koran. (3) [The Shari'a is also based on] opinion which consists of setting up an analogy between what was not stipulated in the Koran and in the Sunna or that about which a probable text does exist and those stipulations that do exist. Opinion consists of putting into practice general legislative principles that take the place of definitive texts which are referred to by those who exercise independent judgment on legal or theological questions. [Examples of] such principles are: "The disclosure of secrets is the origin of all things;" "Warding off harm is preferable to the procurement of benefits;" "Personal harm is endured so that public harm may be forestalled;" and so on.

Islam left its mark on the human spirit. It became the truth that instinctively attracted scores of nations so they can rise to a level of rationality and intellectual excellence. This is because the spiritual nature of Islam draws people close together and urges them to adopt humanitarian principles. It furthers the rational aspect of their spirits, spreading among them an organizational spirit; drawing individuals into a group course and groups into forming close ties with societies; and arousing everybody [to aspire] to what is better, more advanced, exemplary and more proper.

There is no doubt that Islam was one of the first fruits of consciousness in the Arab nation. The Arab lost his way many times before being guided to the right course by his faith in the prophecy of Muhammad ibn 'Abdallah and proceeding gradually among the tortuous paths and the heresies of pursuing cosmic facts to the correct path of divine guidance. This mission pulled the Arab away from the recalcitrant hold of ignorance and left him at the mercy of knowledge; it pulled him away from zealous fanaticism to an oasis of tolerance, from paganism to a guiding and a rightly guided monotheism. It [established] victory over backwardness; freedom from the noose of infidelity; and progress in the courses of knowledge and light that are not limited by horizons or concealed by barriers.

Major Turning Point in World History

One of the most advanced courses for the study of history may be that course which does not study the life of one group of people or of one nation separately, in historical sequence, but rather looks at their life comparatively to point out the effect that major factors have had on one nation or the other, compared with other nations.

We would not be giving Islamic Arab history its due, no matter how [hard] we try to point out its positive aspects, unless we compare it with all the greatness and glory of ancient Greek history.

Like the Arabs before Islam, the Greeks had formed military, belligerent societies that were discordant and not united. As a nation, the Greeks were more like a small island in an ocean of nations. But despite their small numbers, when they were fused in the melting pot of Alexander the Great, this powerful conqueror was able to turn them into the most vigorous and numerically the most capable of nations. Kingdoms and empires fell under the brunt of his cavalry's horses like mountains of snow. Egypt yielded to him, and the entire Middle East submitted to him. He demolished the Persian throne and routed the Indian armies. But no sooner was this extraordinary leader put to his final rest, than his great empire became kingdoms that his commanders distributed among themselves and among the distinguished figures of his army because the only bond that had kept the homogeneity and harmony of this nation was the magic of the commander's personality. When the Greeks lost Alexander, their unity reverted to dissolution and then they were conquered by the Romans who dominated them.

Although the holy prophet had departed from this life when the Arab armies were making their first moves, every individual in those armies was as sharp as the sword he carried because he had been captivated by the guiding light that had been given to him: the book of God and the Sunna of God's messenger.

When the knights of God emerged from their island bearing the message of Islam, humanity was experiencing a turbulent stage in its history. World-wide sects were incompatible; international movements were conflicting; and evil winds and premonitions of corruption were raging in societies in the

aftermath of the rise of the great empires that had sought to expand [their control] at the expense of small countries by enslaving their peoples and capturing their wealth. The two empires of the world, the Persian and the Roman, were fighting each other for full control of the Middle East. Each one of them enjoyed a solid and a cohesive situation, whereas their Arab counterpart was divided into various tribes and small kingdoms that were subject to this or the other empire.

When the Arabian Peninsula witnessed the birth of Islamic missionary activity, it were as though it were destined by the divine will to play its major role on the international scene as the guide, the liberator and the driving force that pushed the historical movement of progress to take giant steps forward.

It was through this world-wide situation that the Islamic religion emerged from the heart of the peninsula. Islam became, first, the religion of the Arabs, and when the Arab conquests swept over [the world] bearing the banner of true Islam, it became the religion of other nations. One of the effects of the fusion of these two prominent phenomena--Arabism and Islam--in the heart of the peninsula and in one historical movement was that world history experienced a far-reaching upheaval in the course of events and a general, major turning point in the history of humanity and the evolution of societies.

Islam: from Strife to Struggle

It is very important for our future existence as we experience some aspects of our glorious past that we adopt Islamic values as models for our lives and that we realize that the first Islamic Arab Movement and the conquests that accompanied it had changed the face of the Old World. This movement had not been a mere journey over a bed of roses. It was rather the life of Moslem Arabs, modeled after that of the holy prophet. The first Islamic Movement was a series of heroic struggles that cost our fathers and forefathers much in bloodshed and sacrifices.

No sooner had the magnanimous doctrine with its values and its principles come into existence that it clashed with the reality that was prevailing in the center of Arab society and with the beliefs that were held therein. Those [who subscribed to those beliefs] would not have retreated without waging a battle for survival.

Not only did Islam embark upon a battle for its own survival, but it also attempted to change intellectual and social life because the application of Islamic law signified social change and alteration. It signified uprooting all the evils of the past and severing all worn-out relations that existed in the heart of society so society could move towards a stage of cultural construction and progress. It was natural for those forces that adhered to the former notions of life to oppose this sweeping tide in a supercilious, defensive effort to protect their own existence. They anxiously embarked upon one of the most violent intellectual theoretical battles and one of the bloodiest combat [encounters].

Islamic missionary activity hence found that it had no choice and no alternative but to embark upon an all-out war against the society in which it was born. It was a struggle that began with the force of logic and ended on the edge of the sword. When it was settled locally, it began to survey world-wide horizons. Islam became the beacon that illuminated the gloom of the Middle Ages. It brought about a major upheaval in the general course of historical development. It fused the scattered and contending tribes of the Arabian Peninsula into the melting pot of Islamic unity, arousing the desire for strife in the hearts of Arabs. They arose from a condition in which they were killing each other and [suffering from] backwardness to one of harmony and civilization. They spread the banner of brotherhood and affection, the call for monotheism and faith and the wisdom of justice and equality among nations so as to accomplish the mission with which history had charged them.

After achieving its local victory of eliminating the negative aspects of a pre-Islamic, pagan society and liquidating the seats of social deterioration, moral depravity and prevailing injustice, the Islamic mission was able to establish a new society that was receptive to civilization, based on faith, united in its ranks, strong in its forces and ready to take off. Islam was able to inspire this society with incentives for all the hustle and bustle of life and with motives to undertake combat action with all its energies. This society would thus begin a new stage whose dimensions would differ from those of the previous stage. It would step out of the confines of a local struggle and enter into the throes of world-wide struggle. This was a stage during which Moslem Arabs penned the epic of the Arab struggle to raise the banner of the true religion over the different metropolises and the distant regions and to establish an Islamic Arab empire that became the greatest empire in history.

The banners of Islam were spread among this great throng throughout the world by different methods, Military warfare, intellectual warfare, the good word and the good example were among those methods. All this was an effort whose purpose was to proclaim the word of God and bring about the virtuous human society where the first Islamic state had come into existence.

We are not forgetting the fact that the prophet had sent numerous missions in an effort to spread models of guidance among non-Arab nations. He invited a number of kings to embrace the religion of God. Among them was Heraclius, the Roman emperor; Khosraw, the Persian emperor; and el-Muqawqas of Egypt. Hence, Islamic missionary activity assumed the nature of a holy war when the existing empires tried to encircle and extirpate it and to curb the movement to liberate Arab lands. This leads us to make the statement that in addition to playing its role of spreading its magnanimous message, the Islamic religion did play a role of liberating Arab land and Arab people and ending the age of foreign control.

Accordingly, Islamic missionary activity made progress in the Persian and the Roman empires, thereby attracting other nations to join the faith without

force and compulsion and eradicating the sources of hatred, national hostility and racial prejudice. It sowed the seeds of benevolence and brotherhood in the great Islamic state and established justice among all on the basis of equality: "An Arab is not superior to a non-Arab unless he is more pious;" "People are equal like the teeth of a comb."

There is no doubt that this historical change came about only because of the power of the faith that the early Moslems had adopted. Islam became a powerful material force. The Moslem Arab began to feel that the Islamic faith had become an inseparable part of his life and that his life, in turn, had become a major epic in the process of changing and invalidating the social structures that preceded Islam and replacing them with an economic, worldly, social structure that forms a cohesive force and is based on strong foundations of the benevolent implications of the Islamic religion.

From this premise one can understand the promptness with which Moslem Arabs rushed without hesitation to fight in the holy war. Each one wanted to die for the cause and to give up his life for the great goal of spreading the message among all nations and, accordingly, build the state of faith: the state of Islam.

It was the epic struggle that created the vast state which extended from North Africa and the unknown parts of Central Africa to the eastern extremities of Asia, the heart of China and the distant regions of Russia, cutting across India and then proceeding to Spain and penetrating the southern borders of France.

But we have to go back and to say that Islam was not spread with the force of arms alone, but rather with the strength of the doctrine which is based on the intellectual effort by means of which Islam entered many areas such as Indonesia, some Asian locations and the unexplored territories of Africa.

What Is the Secret of the Victory Which Islam Achieved?

What is the secret of this astounding victory which Islam achieved with the help of the Arabs who carried its message and built its culture?

There is no doubt that Islam achieved this victory because of the greatness of its principles and the profuseness of cultural components and values in its message. These may be summarized in mandatory justice, the right to freedom, social solidarity, a sense of responsibility, the diffusion of security, human brotherhood, equality and the treatment of people in a manner that Moslems would like for themselves.

Islam was victorious because of its idealism which became evident in its constant advocacy of altruism, self-denial, humility, reverence and kindness. Islam advocated generosity without waste, excess or luxury. It advocated the refinement of human conduct by means of patience, forbearance, honesty, mercy, sincerity, fidelity, truth and sacrifice. It advocated that interest be taken

in those who are weak and disobey the faith. Islam made alms mandatory; freed the slaves; required that pledges be made for orphans and that financial support be paid for widows and for those who are in need. Islam required that the ill-fated and the grief-stricken be comforted, and it fostered human feelings and emotions.

Islam achieved victory because of the evident simplicity of its doctrine, its rites of worship, its mutual relations, its rules and its laws. Its vitality is forever renewing itself in the service of the individual and the community. Islam ensures the interest of the worker, the peasant, the merchant and the civil servant; it ensures the interests of women, of the wealthy, the poor, the powerful, the weak, those who govern as well as those who are governed. Islam looks upon life as a partnership and an exchange of benefits and good deeds among human beings.

Islam became victorious because it rebelled against favoritism, hypocrisy, patronage, servile flattery and the hoarding of funds without making due payments to the poor. It rebelled against the values of lineage, wealth, appearance, fame and power; it rebelled against regional and national prejudices and against racial discrimination; it rebelled against corrupt customs and oppression and against all the inherent social and moral vices and evils.

Islam became victorious because of its democracy which became evident in collective consultation and cooperation. Islam abolished class and family privileges that the powerful had given themselves. It required every Moslem man and woman to learn and placed no limit on human knowledge. Islam advocated work, any work, and the effort to provide work and to make it the right of every person. It raised the dignity of the worker in life and ensured the needs of the poor classes, of the unemployed and of those who cannot work. It inspired thought and respected it; it presented doubts on every study and advocated that traditions be spurned. The principles of Islam sought no more than the exaltation of the moral objective without consideration to the economic and financial justifications of things.

Factionalism Put an End to the State

The major significance of any doctrine stems from the degree with which it represents the vital, practical reality as an idea that regulates life, is tied to the intellectual precepts of nations and reflects [their] daily lives and practical pursuits.

The great Islamic state came into existence through the dissemination of the doctrine that became the prevailing religion of the group of nations that were included in that state. This doctrine took shape in a comprehensive way of life for the individual, the society and the state.

It may be said that the existence of the Islamic state represents a stage in the advancement of the Islamic ideological struggle for its birth, advancement and progress on all cultural levels. This struggle was effected through

the religious practices of the peoples who embraced the religion. The Islamic doctrine has many great capabilities that became evident in the process of spreading the Islamic message in this astounding manner in the wake of the creative activities of the early Moslems who brought about this major historical turning point.

It may be asserted authoritatively that the historical changes which made enormous progress for humanity did not occur in isolation from the creative activity that included human intellectual effort and military combat. This explains to us the inviolability of the first Islamic state, the secret of its strength and the source of its effective energies which lay in the course of historical development and social change.

One must pause to reflect upon this when one sees that this major Islamic state which the Arabs had established with their ideological struggle and with the constructive energies that Islam had aroused in their spirits was beginning to be torn to pieces and to be dissipated. This came about when the non-Arab nations in the state gained favor over the Arabs and when the reins of leadership began slipping away from their hands due to the organized factionalist movements that had concealed themselves behind Islam to eliminate Arab rule. They did not realize--or perhaps they did--that by alienating this Arab component that was holding the reins of the vast state, they were bringing the state itself to an end.

The first negative experience which the Islamic Arab state had was the emergence of vestiges of the old fanaticism which the message had collided with when it first burst forth. Then there was a struggle for power which affected the development of subsequent events. This struggle was based on ancestry, on narrow party principles and on the erroneous understanding of the role of leadership and government. Islam made the ruler a guardian who is responsible for the destiny of his subjects: "Each one of you is a guardian, and each one of you is responsible for his subjects." The ideal government is that which leans towards leading the state to safety, ensuring the needs of the people and grasping the reality of cultural development. Islamic leadership and government have no place for those who control the lives of worshipers and who keep the country's wealth for themselves.

But we can state affirmatively that the principal factor which led to the disintegration and breakup of this great state into innumerable small states and emirates was the national and racial fanaticism or what has been called factionalism in Arab history. Elements opposed to the Islamic religion played a malicious role in turning the factionalist trends around under the cover of Islam. Numerous ideologies that were foreign to the spirit of the true religion appeared under the guise of performing a religious duty in order to undermine the foundations upon which the great Islamic Arab state was built.

Thus, the sum total of all these factors--and they were all opposed to the principles of the missionary activity--was the direct reason for the weakness and fragmentation of the Islamic nations. They turned from unity to division and from growth and advancement to weakness, decline and collapse.

The decline in the status of the state was followed by a breakup in the social structure, a decline in traditions and a decadence in morals. This opened the door to sedition and to wars that left the Islamic world threatened by storms and subjected it to catastrophes and turmoil. It was in this deteriorating situation that the colonialist inclinations of nearby as well as distant western countries emerged on the international political scene. Colonialism began to show its fangs to devour the Islamic states, many of which had fallen under its fires. This forced the deteriorating conditions to disintegrate even further as a result of the cultural colonialism that accompanied the military and economic colonialism.

On the battle ground in the struggle with colonialism the Islamic doctrine emerged once again as one of the major factors in the defense of the patriotic, the national and the cultural components of the Islamic nations. National liberation movements in Asia and in Africa began to draw their energies from the assumptions of the Islamic message which prodded [believers] to wage a holy war; aroused the wills [of people] to struggle; and with its ideological, military and economic dimensions awakened their determination to fight against foreign invasion.

The Arab world is ushering in its 15th century Hijrah with torn ideologies, numerous trends and conflicting policies, with this country leaning towards the west, that country leaning towards the east, and a third retreating into its shell as though the spirit of pre-Islamic paganism were being reborn. Meanwhile, we are facing the most vicious colonialist campaign in our world and on our home soil and especially from the settler colonialism which is supported by the major countries of the world. Although these countries are divided by ideological hostilities and political warfare, they have come to an agreement against us alone. We are, however, captives of a vicious circle that seems to have surrounded us by some magic. Whenever the features of nationalism and national strength appear to us in a leader or a party, this leader deviates from those assumptions which he had established in his claim, and the party deviates from the principles that it claimed it wanted to achieve.

Will we pause and reflect upon this matter on this glorious occasion? Will we review the reasons for our renaissance and the factors for our decline, and will we return at this turning point in history to ourselves, to our identity, to our heritage and to this enlightening message which Muhammad the son of 'Abdallah carried to us and which we did carry to the rest of the world?

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PUBLIC PROSECUTOR, ALGIERS COURT PRESIDENT ASSESS CLEANUP CAMPAIGN

Algiers EL MOUDJAHID in French 4 Oct 79 p 2

[Article by Mohamed Mansouri]

[Text] A press conference was held yesterday morning in the Algiers Palace of Justice by Mr Hocine Ait Chalal, public prosecutor, and Mr Ahmed Medjhoua, president of the Court of Algiers, regarding the cleanup campaign and the role of the judicial system. Various issues were discussed during this conference, such as the type of delinquency, kinds of violations, defense rights, rehabilitation centers, etc.

Mr Ahmed Medjhoua began by stating that the main purpose of such a meeting (press-judiciary) was to provide details to citizens concerning certain issues. "This raising of public awareness," he said, "consists of defining the cleanup campaign as a social and political operation occurring as a result of laxity in large cities in particular. Unsanitary conditions, lack of respect for traffic laws and theft are some of the causes of the public's insecurity. That is why the campaign against social ills must be everyone's concern."

Mr Hocine Ait Chalal in turn said that this meeting would make it possible to announce the initial results of the action taken by the judicial agencies of the Court of Algiers, in accordance with the recent directives of the country's political officials, to help to put an end to the antisocial behavior and actions of a marginal group of individuals who, it must be said, taking advantage of a favorable climate of indifference and negligence, have become painfully obvious, to the extent of creating an atmosphere of nervousness and insecurity among the public.

"Although the judicial agencies are called on to act only within the context of punishing violations," the public prosecutor added, "the fact remains that, along with security services, they have the greatest responsibility for the success or failure of the action taken. That is why necessary provisions were taken in time by this or that group of people to guarantee the success of this operation to correct social relationships. The results obtained thus far are apparent: a secure atmosphere is reappearing, the city is cleaner; in a word, people 'are breathing easier' in Algiers."

Mr Ait Chalal pointed out that these results are the fruit of the coordinated, collective work of government agencies and the participation of citizens aware of the public interest. "In their approach, the major concern of judicial agencies has been to assure respect for lawfulness. Thus despite the importance of the action, the many operations by security services and the difficulty of reconciling the interest of individuals with the public interest, our agencies have not been aware of any excesses which would deserve their attention. It must be said that citizens have fully supported the undertaking. Thus since the operation began, no major incidents have been noted. It is therefore fitting to congratulate the security services, which have shown restraint in their work."

70 Percent Indicted Are Recidivists

According to the public prosecutor, this action has led to 981 individuals, who committed more or less serious violations, being brought before the Court of Algiers from 6 to 30 September. Their cases were examined by the court's magistrates before being referred to the flagrante delicto section, a court of inquiry or, finally, released on bail to appear later before the court.

Of the 981 individuals prosecuted, 452 were sentenced to 6 months or more, 103 to less than 6 months and nine were acquitted. Going into detail about the length of the sentences, the number of offenders and their distribution according to the nature of the violations, the public prosecutor said that three offenders were sentenced to 4 years in prison, four to 3 years, 53 to 2 years, 12 to 18 months, 66 to 1 year, three to 10 months, 20 to 8 months, 297 to 6 months, 20 to 4 months, 40 to 3 months, 29 to 2 months, 15 to 1 month, and nine were acquitted.

Three hundred and sixty of those arrested were convicted for vagrancy and disturbing the peace, 61 for robbery and assault, 14 for violating price regulations, seven for morals charges and 44 for miscellaneous offenses.

Among the 486 sentenced to more than 6 months, nearly 70 percent are recidivists or have been questioned repeatedly by police agencies. The sentences pronounced are accompanied by an additional penalty of being banned from major urban centers. Thus habitual offenders in particular will not be able to return to Algiers after serving their sentences.

Continuing his conference, the public prosecutor pointed out that most of those convicted for miscellaneous offenses are from interior cities or villages. For example, in the 6 September 1979 session of the Fifth Chamber of the Court of Algiers, only 13 of 56 indicted were from Algiers. "These figures," Mr Ait Chalal added, "demonstrate the extent of the effort made. This work is equivalent to that of 3 months of normal court activity. The magistrates were careful to see that rules of procedure were respected by soundly applying the law. All offenders were prosecuted by virtue of the provisions of the penal codes and penal procedure. The flagrante delicto procedure was applied in most cases. However, incomplete cases were submitted

to examining magistrates, while others were sent back to security services for further investigation. The least serious violations resulted in a direct summons before the court. This means that the magistrates fully assumed the supervisory role granted them by law. These were common law courts, acting within the usual scope of their authority, which ruled on the cases. Contrary to widespread opinion, special sections were not set up. Of course, the staffs were hard pressed to deal with the volume of business to be handled. The magistrates nevertheless acted in accordance with the rules of penal procedure."

Referring to defense rights, Mr Ait Chalal said that they had been respected. "Even better," he said, "in certain cases attorneys came forward of their own accord to handle the defense of those indicted, thus making their contribution to the success of the campaign. The right of appeal is open to all offenders, without distinction."

Distant Centers for Those Convicted

Continuing his report, Mr Ait Chalal said that following their trial, prisoners sentenced to more than 6 months were immediately transferred to distant centers organized at the level of the Saida and Tlemcen governorates. Since this campaign was launched, 250 of those convicted were transferred to Saida for gathering esparto grass and 250 to Tlemcen to be used in reforestation operations.

"The distant centers, organized well before the cleanup campaign was launched, are in accordance with the provisions of the ordinance of 10 February 1972. They will gradually be extended to all of the high plateau governorates. Penal work, organized within the framework of this far-reaching program, represents an important aspect of the social rehabilitation of the offenders. The penal population already has several significant achievements to its credit (preparation of the zoological park, construction of socialist villages, etc.)."

In brief, Mr Ait Chalal said that "the purpose of the action of judicial services is people. In reality, there is not just a coercive side to punishment: it can help to rehabilitate the offender to the extent that the penal system takes charge of him in a suitable setting to provide him with training and to restore his inclination to work."

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CSB: 4400

ALGERIA

REPORT ON CHERCHELL INTER-SERVICE MILITARY ACADEMY

Paris AFRIQUE DEFENSE in French Oct 79 pp 46, 47

[Adapted from EL DJEICH, Journal of the Algerian National Popular Army]

[Text] The National Popular Army [ANP] of the Popular Republic of Algeria has many large schools, including the Cherchell Inter-Service Military Academy (EMIA [Inter-Service Military School]).

Founded by the colonial army following the invasion of the mother country by German armies and the ensuing defeat of French troops, the EMIA's principal mission was to supply the French Resistance, which was beginning to organize, with the officers required for its reinforcement. Once World War II was over, the French army continued to use it to train commissioned and noncommissioned officers.

Once Algeria acquired its independence, "Battalion 45" took over the academy and immediately began the initial work of repairing and restructuring its buildings so that it would be able to meet new requirements. Slightly less than a year later on 16 August 1963, the EMIA opened its doors to the first appointments of ANP officers and noncommissioned officers to enable them to acquire new knowledge on one hand and on the other to teach them more modern tactics of strengthening the army's officer staff.

New Goals

The academy's main objectives have since been to quickly meet the army's new officer needs and to enable it to effectively perform its mission of national defense and construction.

In an effort to provide Algeria with appropriate means for assuring its own defense, with the establishment of National Service in 1969 the EMIA received and educated the first appointments of reserve officer cadets. This continued until 1973 when other schools, including the one in Blida (EFOR [Reserve Officers Training School]) took over the training of National Service officers.

The academy has since established a new policy with more immediate aims, i.e., the training of young regular army officers only. Within this framework and

to further raise the standards of ANP officers, a staff and command center was opened there one year later. This was in keeping with the goals of the Revolution and the needs of the time, particularly in the case of national defense, which may be summarized as "relying on its own forces."

To fulfill its mission of more and more advanced training of ANP officers, the EMIA has every necessary means, human as well as material. The complete and very broad curriculum is even able to meet the goals set by the Ministry of National Defense so that the future officers trained there will be able to effectively perform their duty under any conditions.

With four major divisions: scientific and military instruction, ideological and political training, this curriculum is a coherent, complementary whole.

Among others, the scientific subjects taught are: mathematics, physics, chemistry, applied mechanics, thermodynamics, electricity, electronics and languages.

Each of these subjects is supervised by an officer. The courses are taught entirely by Algerian officers, mainly young National Service officers, most of whom are graduates of major European and national schools. Most of them also have a certain amount of teaching experience, having already taught in a university or in various institutes. To facilitate the students' comprehension, courses are taught in two languages: Arabic and French.

Ultramodern laboratories, equipped with all required teaching equipment specific to each subject, in turn promote the mastery of theoretical concepts. Among the most important are the thermodynamics, chemistry, electronics, applied mechanics and language (German, English, Russian, Spanish) laboratories.

A Broad and Complete Curriculum

In addition to scientific instruction, military instruction is just as important. Subjects are classified into four subdivisions: general instruction, which includes history, geography, regulations, teaching, etc., special instruction (tactics, topography, signal communications, etc.), technical instruction and practical instruction. The students are directed to specialties on the basis of individual aptitudes as well as on the basis of the directives and needs of the Ministry of National Defense.

At the end of their studies, the students are granted degrees in one of these specialties: DCA [Defense contre avions: Antiaircraft Defense], armored vehicles, military engineering, artillery, mechanized infantry.

Thus designed, the scientific and military programs are totally complementary. So when the student receives his degree, he has been obliged to become capable of commanding his unit as he should. He is also capable of training it himself. In a word, he becomes an officer in the strict sense of the term, not only in the ranks of the ANP but also an officer of the nation, capable of perfectly fulfilling his role of defender and builder of the Socialist Revolution.

Because of the very high quality of education, conditions for admission to the EMIA are very strict. Only cadets of the Revolution, from various schools (Kolea, Tlemcen, etc.), and young men at the Terminale level (optional sciences, technical subjects and mathematics) are admitted on the basis of either a diploma (bachelor's degree) or competitive examinations, still for the same options. It has become customary for a competitive examination to be held in July of each year for young interested students who meet the other admission criteria: first, they must not have passed the age of 23 years old; second, it is essential for them to have a good physical constitution.

During their studies, spread over 3 years, the young men admitted are considered officer cadets and consequently receive a monthly stipend of 1,200 DA [Algerian dinars].

In the first year, beginning with the second semester, the students are automatically directed, on the basis of the results obtained and their individual abilities, to one of the four curriculum specialties. As in the university, the first and second semesters of each year are separated by a vacation period of approximately one month. Upon completion of their studies, on one hand the students receive the degree of applied engineering in a given specialty and the rank of second lieutenant on the other. It is interesting to note that for about a year, the degree of applied engineering received by students at the EMIA has been recognized as the equivalent of those of other major schools and institutes of the same type.

To complement their intellectual training, highly steeped in sciences and modern technology, physical training and sports are also scheduled for the students.

This consists of regular weekly military physical training. Thus twice a week, each student goes through an obstacle course, hand-to-hand combat, track and field sports, military swimming and gymnastics (vaulting horse, parallel bars, fixed bars, etc.). Instructors trained in each of these disciplines supervise and follow each student's progress.

Then, outside working hours, each student is free to practice one or more recreational sports. Each student may choose from among team sports (football, basketball, handball, volleyball) and individual sports (fencing, table tennis, swimming, martial arts, horseback riding, boxing, gymnastics, etc.).

Here again, in each discipline, one or more instructors--most of whom are graduates of major physical education and sports centers, civilian as well as military--improve the abilities of each student.

Four hours weekly are thus devoted to the practice of sports in general.

Modern Infrastructures

This aspect of their training is greatly facilitated by the existence of adequate sports installations and material and human means essential to any

progress and performance, both individual as well as collective. The EMIA has a football stadium, an olympic complex with playing fields for all team sports, a covered omnisports auditorium and a heated swimming pool.

It should be pointed out that with so many sports infrastructures, qualitative as well as quantitative, students' interest in military and recreational sports is heightened even more. As a result, the academy has many excellent teams which participate regularly in many interunit and interregional sports events. An interclass championship is also held in the various disciplines for everyone's participation, but also to test each student's possibilities.

Finally, the action of the respective political commissariat is concerned with three additional areas, i.e., political and ideological training, education, and finally, cultural activities. Ideological and political training consists of courses and reports regularly distributed to the students and dealing in particular with the major turning points in the war of national liberation (Congress of Soummam, Charter of Tripoli ...), the historic reorganization of 19 June 1965 and the various efforts to establish new institutions--from popular communal assemblies to the National Popular Assembly and the constitution. Lectures are also given periodically by high ministerial officials and representatives of national companies and universities. These lectures thus enable the student to keep abreast of realities and developments, both nationally (economic, social, cultural, etc.) and internationally (national liberation movements, the crisis of capitalism, the North-South dialog, the new world order of information, etc.). The political commissariat's action in the case of education consists of conducting a total campaign against illiteracy. Courses are held for djounoud and non-commissioned officers to enable them to prepare for their examinations under good conditions: CEP [Certificat d'etudes primaires: elementary studies diploma], BEM [Brevet d'enseignement militaire: military studies diploma] or BEC [Brevet d'enseignement commercial: business studies diploma], in accordance with current programs in establishments under the Ministry of National Education.

Political and Ideological Training

Another aspect of the political commissariat's activities is the organization of many cultural events. An artistic performance--musical or theatrical--is held on the occasion of every graduation, anniversary or national holiday, with the participation of orchestras and theatrical companies of the RTA [Algerian Radio and Television], civilian groups, as well as the students themselves, based on their own training. Sometimes when a foreign group is invited to Algeria by the Ministry of Information and Culture, it gives a performance for EMIA students. The academy also has seven clubs (film, theater, music, painting, chess, photography and drawing) where every student can spend his free time as he wishes. In the case of the film club, a showing is generally held every 2 weeks, during which the students have the opportunity to discuss the film shown. Regular film showings are held once a week for students and twice weekly for staff officers.

A huge library with more than 300 seats and some 130,000 works is available to the students after their courses. Another library, much more modest but no less excellent, is also available to teaching officers for them to document and prepare their lessons. A large student union, with everything needed, games, beverages, television, is available for the students' amusement.

Currently under construction at the academy is a large museum where all the wealth and works attesting to Algeria's historic past and heritage will be exhibited.

The impressions of every visitor to the EMIA can be summarized in three sentences: The academy is a real university; time is very precious and is therefore used as it should be; and finally, students, teachers and staff have everything they need.

A true "fortress" of knowledge in the service of the National Popular Army, the nation and the people, the Cherchell Inter-Service Military Academy offers future recipients of bachelor degrees and young men at the Terminale level the opportunity to participate directly in its development and its noble mission.

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CSO: 4400

OIL MINISTER BELKACEM NABI INTERVIEWED IN CARACAS

Paris AN-NAHAR ARAB REPORT & MEMO in English 24 Dec 79 pp 2, 3

[Interview with Belkacem Nabi, date not given]

[Text]

Q: If the oil prices of OPEC remain based on a free-for-all formula, what do you think is the future of oil prices?

A: To start with, it is a perspective I refuse to consider. We agree on a system of unified price. The only condition to a unified price is probably that it should be subject to concertation of all OPEC countries, who take in consideration the new reality which characterises the international oil market and oil prices.

Q: What is your assessment of the developments on this oil market then?

A: The immediate future is characterised by an element, that everybody takes in consideration, which is as overstocking in industrialised countries, together with a structural imbalance of supply and demand. It is then not to be excluded that some manipulation to distribute these stocks will occur, but this cannot but be temporary; it is limited.

Q: Do you think that a free-for-all pricing result in OPEC, or even a two-tier price like after Geneva, would put pressure on consumer countries to lessen their demand and stabilise the market and oil prices?

A: Experience has shown that oil is extremely price-inelastic; that is to say, demand is relatively little affected by changes in prices and in any case the price the consumer is paying to the producer of OPEC countries remains low. Hence the link between OPEC prices and energy consumption exists of course but is far from being determinating.

Q: Producer countries have been saying that oil prices should be of the level of the cost of alternative sources of energy and the OPEC Economic Commission has lately calculated the price of alternative sources of energy and found it is between \$35 and \$55 a suitable price for crude?

A: As an initiative, it is in principle a good one but one has to think very deeply how to debate it.

Q: Algeria's oil prices have normally been always adjusted to those of Libya and Nigeria. Libya has raised its price from \$26.50 to \$30, as of November 1, what is Algeria going to do?

A: Algeria will of course increase and adjust as usually to Libya's and Nigeria's price of oil. We have put our price accordingly to \$30. It is not yet official but I am telling you this knowing that it will be published in a week after the conference.

Q: Algeria is suggesting the creation of a bank of OPEC countries for the aid of the Third World. This idea is backed by Libya, Venezuela and Iran; could you explain your view on how this bank should be established?

A: Algeria is for the first time militating to give money and not to get money. OPEC countries belong to the developing world. The real OPEC negotiating power with the industrialised world stems essentially from the support developing countries will or will not give to OPEC members. Whatever the revenues of developing countries, problems of the developing world are common to OPEC. We then consider that a bank established by OPEC for aid to the Third World is a basic issue. It is obvious that the OPEC Special Fund has been practically nothing. Public aid from both industrialised and OPEC countries has been definitely a failure. We have suggested a capital to this bank of \$20 billion. We consider that the Iraqi proposal of a long-term fund with the participation of industrialised and OPEC countries is of a very large scope since it involves two groups of countries; it is, then, a proposal that needs time while we consider our proposal as an advanced and concrete aim which will start with real effective aid from OPEC to the Third World.

Q: You suggested that this bank would have to secure the oil supply for developing countries that cannot get oil. How can a bank do that?

A: Take countries like Yugoslavia for example. Even if they are ready to pay the high price for oil, and there is a shortage, they will not be able to get oil because other countries like US, France, etc, which are organised and have a structure that enables them to get oil on the international market. In a perspective of imbalance of supply and demand, the supply problem is vital for some countries of the Third World, especially in countries which would have reached a certain level of industrialisation where energy consumption becomes a determining economic factor: India, Yugoslavia, Brasil are becoming to a certain extent industrialised; hence, exports of oil to these countries is to a certain extent more important than the price, as their production capital is relatively limited, their balance of payments is not a vital problem, the risk of a shortage in their supply is catastrophe.

The bank can be an institution which would participate directly or indirectly in the financing of their purchases of oil; for example, it can finance payments of one month on two years. It will make easier contacts between OPEC countries and other developing nations. The priority of supply to developing countries in case of shortage is a very complex problem that one has to think about very thoroughly.

Q: Algeria is a big gas producer. How do you assess gas prices compared to the rising oil prices?

A: Our gas prices are extremely low compared to oil prices at present. Now there is a tendency in the world to readjust gas prices and Algeria is not an exception. Considering the evolution of oil prices and oil products prices, we will adjust accordingly our gas prices in 1980. Gas is a source of energy having a value and importance which are often underestimated.

Q: What are your plans concerning oil production levels next year?

A: We are preparing a five-year plan for development which will include the discussion of the level of production of oil. This means that the level of our oil production is becoming a political factor and not only a factor of financial and technical consideration. This means that we will have to preserve our resources and not go beyond levels that would be against our national interests.

NEW BUDGET AIMED AT KEEPING DOWN COST OF LIVING

GF051715 Manama GULF MIRROR in English 5-11 Jan 80 p 1 special section GF

[Article by Mary Frings, business editor]

[Text] Oil income is 47 percent up in Bahrain's second set of two-year budget estimates. But for the man in the street, the cost of living will, as far as possible, be kept down.

Petrol, electricity and water prices will be maintained at their present level. So will the whole range of government fees and service charges. In 1981, there is provision for an extra BD 2 million in food subsidies, already running at BD 4 million a year.

The total budget has gone up 21 percent, from BD 560 million in 1978-79, to BD 680 million in 1980-81. But the minister of finance and national economy, Mr Ibrahim 'Abd-al-Karim, told the GULF MIRROR this week: "This does not reflect total government spending. The Alba [Bahrain aluminum] expansion project will mean the outlay of \$150 million. The joint petrochemical project with Kuwait will cost another \$350-\$400 million. Both will be financed from shareholders equity and loans. Then there is the \$100-\$120 million aluminum rolling mill, partly funded by the Bahrain and Saudi governments. I have taken no account at all of the new Gulf University or the spin-off effect of the causeway. But the impact of all these projects will be colossal. There will be another boom in the eighties."

Mr al-Karim said he did not foresee the unbridled speculation and overgrowth of liquidity that characterised the earlier boom and planning would help to maintain the balance of the economy. Within the budget, he said, far more new projects were being launched than during the previous two years, when the majority of expenditure was on construction work already in hand. "Those mammoth projects, which by their size and nature went mainly to foreign contractors, are steadily being completed," the minister said. "Our new development expenditure is divided into 50 or 60 small projects of between BD 2 million and BD 15 million, which do not need to go outside the country. Last time only about 5 percent of the work was available to local companies."

Mr al-Karim also feels the 34 percent increase in recurrent expenditure, from BD 285 million in 1978-79, to BD 381 million in 1980-81, will benefit the local market--because most of it is in purchase of materials and services and in wages which will be spent in Bahrain. However, the increase in the wages bill means more civil servants, not higher pay.

Inflation is estimated at 11-12 percent for 1979. "In 1980 it will rise with the world trend and there is little we can do about it here," Mr al-Karim said. His forecast for world inflation this year is 14-17 percent, of which no more than 2-3 percent can be attributed to oil price increases.

In the domestic economy, Mr al-Karim believes two-year budgeting has proved itself. "We introduced it on a trial basis last time, to see if two-year projections--which are human guesswork--could be accurate." It worked: The estimates were on target, and both government departments and the private sector were able to work to a medium-term programme instead of from hand to mouth.

CSO: 4820

BAHRAIN

BRIEFS

1980-81 BUDGET--Bahrain's budget for 1980 and 1981 will be BD 680 million, Finance Minister 'Abd al-Karim announced yesterday. Salaries for government employees--expected to number 21,600 in 1981--will cost 99.5 million in 1980 and BD 111.5 million in 1981. Capital expenditure projects--mainly in health, housing and education--will cost BD 300 million, said the minister who was speaking in a special television broadcast. BD 60 million will go to housing, BD 13 million for education and BD 8.5 million for health which includes the expanding health centre programme and the start of the second stage of Sulmaniya Medical Centre. Power distribution will cost the state BD 70.4 million while the cost of supplying water to Bahrain villages, road and asphaltting and resurfacing will cost an estimated BD 17 million. In addition the government expects to spend BD 250 million in industrial projects such as the aluminum Bahrain expansion, the proposed petrochemical project and the aluminum rolling mill. This money is not being drawn from the state revenue but is being raised outside by such means as bank loans. Allocations in the budget for improving the industrial areas are BD 6.5 million and for the airport expansion BD 4.6 million. [Mike Martin] [Text] [GF301000 Manama GULF DAILY NEWS in English 30 Dec 79 p 5 GF]

CSO: 4820

IRAN

IRANIAN ECONOMY CORRECTED BY ISLAMIC REVOLUTION

Montreal LA PRESSE in French 27 Nov 79 p B2

[Article by Robert Puliot]

[Text] Teheran. The confrontation between Iran and the United States on the fate of 49 hostages who have been held in Teheran for more than 3 weeks now has completely eclipsed the economic revolution which is currently agitating Iran.

Although all the pieces have not yet been put in place by a group of 20 Islamic economists led by Abolhassan Bani-Sadr, minister of foreign affairs and also the holder of the portfolio of Finance and Economy, the short-term goals of this revolution are as follows:

The dollar--"It's time to get rid of that play money and force the United States to really transfer a part of its gross national product in exchange for petroleum," the new governor of the Central Bank declared to LA PRESSE. The new governor is Ali Reza Nowbari, 31 years of age, and he was accompanied by his right-hand man, Esfandiar Rachidzadeh, another 31-year-old economist on the occasion of their first press conference since their appointment. The traditional tie of the Rial with the dollar will soon be broken in favor of special drawing rights, a list of 18 currencies utilized by the International Monetary Fund.

In the meantime, all commercial exchange with American companies based on the dollar has been suspended. It is the German Mark which is slowly emerging, without exclusiveness however, as the new international exchange money for the Rial (1.6 cents Canadian). The Yen is a close second, then almost at the same level comes the French franc and the pound sterling, although any convertible currency is accepted henceforth. Although petroleum prices are still given in American dollars, Libya and Algeria have probably decided to join Iran in a new "dollar-refusal front" with the purpose of debating the question during the next OPEC meeting in Caracas on 17 December.

in philosophy and in operational research from Stanford University and from the Polytechnic School of Paris. He was obliged to interrupt a doctoral thesis in economic engineering systems to team up with his old friend, Mr Bani-Sadr, on the eve of the revolution. Several months later he became editor of ENGELOB ISLAMI [THE ISLAMIC REVOLUTION], Mr Bani-Sadr's daily paper, and he participated in five months of study sessions with a group of Islamic economists to perfect a new program for the republic. His right-hand man Esfandiar Rachidzadeh is a graduate in economics from the University of Teheran and has also studied at the Institute of Higher International Studies and in the Institute of Studies on Development in Geneva, before becoming professor of planning and economic development.

Although Mr Rachidzadeh is officially recognized as an advisor to the governor, in practice he pulls all the strings of the bank on the same level as Mr Nowbari. "We have caused a real shock here," he observed. "No one in the bank had never been consulted before and we now consider its personnel as associates, as real comrades, rather than just employees." Now foreign bankers who had met the "revolutionary duo" wearing their sport coats and rolled collars have been struck from the beginning by their debonnaire attitude and their political analysis. "I was so accustomed to negotiating with Mohamed Ali Mowladi, a 58-year-old man who has rather bearing of a career diplomat, that I am stupified to meet his successor," a French banker declares.

However, that may be the Nowbari-Rachidzadeh team has impressed several observers for their evasion of the prickly questions of the dollar, the American freeze and the new relations with foreign institutions.

"The revolution is a long procedure which will take years to conclude," Mr Nowbari declared, "but that will happen only within the framework of an overall coherent program. For example, we have determined nine factors that justify recourse to interest, specifically the phenomenon of inflation. Now, on inflation we have determined 19 different factors, including imported inflation, financial speculation and the hoarding of goods, 3 characteristics of underdeveloped economies. We should certainly solve those problems before we can abolish the charging of interest."

The question that everyone is asking himself here now is how long the Iranians will be willing to wait at this moment when unemployment is still 25 or 30 percent and when inflation is continuing at the rate of 22 to 27 percent.

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In addition Iranian deposits in foreign currencies will be made in the future according to criteria as political as they are economic. For example, Mr. Rachidezadeh explains, "Iran would be able to deposit marks in Algerian banks."

Foreign debts-- "The nationalization of the largest industrial groups during the summer does not mean that the state will blandly absorb all the debts incurred by their former owners under the regime of the shah who have fled the country since," Governor Nowbari and his deputy add. Last Friday, Mr. Bani-Sadr was quoted as having declared that the total foreign debt, amounting to \$15 billion, would not be honored. This is not what he meant. He only indicated that no one knows the exact amount and that the total might well amount to \$15 billion. Who knows? What happened under the regime of the shah was that any company could borrow abroad without using the intermediary of the Central Bank and because of that we have no precise records. As of now, all our debts with regard to the United States have been frozen. As for obligations contracted with regard to other countries, we must examine the situation case by case. Whatever the facts may be, Mr Bani-Sadr's declaration has caused a great deal of nervousness in the international banking community. According to a spokesman of the Melli Bank: "We were in the middle of a credit operation with a Scandinavian bank when our correspondent put an end to it only a few minutes after receiving the news by wire."

On the subject of the calling in of a \$500 million loan contracted by Iran in 1977 through the intermediary of a banking syndicate led by the Chase Manhattan Bank, "that was nothing more than a provocation and the United States is about to commit the greatest error in international financial history. The European banks are furious and they have clearly lined up on our side," Rachidezadeh insists.

Trade--"The import circuit, particularly concerning sectors under government control, will be entirely nationalized," Mr. Rachidezadeh adds. Although Iranians need a permit, renewable every year, in order to import, the state hopes to enter that domain fully in order to abolish commissions and false advance expenditures. However, the objective really goes much farther than that. The new Islamic economic program, whose essential elements should be published within a month for the purpose of arousing public discussion, insists on the necessity of the state's more closely controlling the imports of new technology and on choosing its trading partners very carefully as a function of new national priorities. Last week, a certain number of countries in Asia, Europe and Latin America were invited especially by the Islamic Revolutionary Council to suggest how they can replace the goods, the foodstuffs and the services formerly delivered by the United States.

After three or four days of confusion following the American freeze, imports have very timidly started up again as well as letters of credit which have now been opened for all currencies, although new orders are still very

small and most foreign banks are still hesitant about confirming letters of credit for their Iranian correspondents.

The arrears in letters of credit issued in dollars three or four weeks ago are rapidly increasing. However, even if a certain number of letters, which should originally have gone through the channel of American banks, have been returned to their issuers (especially among the Japanese), the Central Bank has endeavored to honor all of them, whether they are in dollars or in other currencies.

"We are aiming progressively at a system of multiple currencies," a young banker in a commercial institution explains. "Henceforth, every foreign issuer will be paid in his local currency, in Canadian dollars for a firm in Quebec, for example. However, the system is not without exceptions in both directions: Last week, some Japanese importers of Iranian petroleum were inspired to pay their bill in marks."

Petroleum--Total production could go down to 2.5 million barrels a day by next year. According to the representative of a European petroleum company, "Most of the people in the National Petroleum Corporation have reduced their forecast for 1980 out of fear of being unable to live up to their goal for technical reasons and just because the country does not need so much revenue." In fact, sources in the National Petroleum Corporation have indicated that exports could go down to 2 million barrels a day next year, compared to 2.5 million last week and 2.9 million just before the American boycott. In addition to crude, Iran also exports 300,000 barrels a day of refined products. Although negotiations for the 1980 contracts will not begin until next week, it is already accepted that the multinationals will not get more than 800,000 barrels a day, thus confirming the projections published earlier by LA PRESSE.

In the meantime, 3 or 4 Japanese companies have already contracted to buy nearly half of the 800,000 barrels a day sold to U.S. companies at spot prices. The other candidates would be French, German and Romanian. That boycott of the petroleum destined to American companies has already affected Canada since "every branch of a company is subjected to the same restrictions in the same way." Thus, Gulf Canada, Murphy Oil and Sun Oil have lost their access to Iranian petroleum. Until last July Canada imported 36,000 barrels a day. As for the currencies to be used, a new strategy has already upset its resupply to a small extent. Last week, for example, a tanker had to wait four or five days before loading 2.4 million barrels whose Brazilian purchaser had opened a letter of credit in dollars.

Evolution of Independence

"We lost eight precious months with the Bazargan Government in order to complete the revolution," Ali Reza Nowbari explained to LA PRESSE during the two-hour interview. "It is time to act to reduce our dependence with regard to the United States." Mr Nowbari has a Master's degree in Economics,

POTENTIAL FOR WAR WITH IRAN STUDIED

Paris AN-NAHAR ARAB REPORT & MEMO in English 31 Dec 79 p 2

[Text]

Officials in Arab Gulf states last week said that on the basis of assurances received, they were confident that there would be no American military intervention in Iran. However, there is a fear that increasing antagonism between Iran and Iraq may lead to war.

The fear was nourished, the officials say, by a recent statement from Iraq's Deputy Premier Tareq Aziz that Baghdad was seeking amendment of the agreement on the sharing of the waters of the Shatt-el-Arab in the Euphrates delta.

Before the agreement, concluded with the Shah in 1974, the waterway was considered exclusively Iraqi and all ships passing through it had to hoist the Iraqi flag, submit to inspection and pay Iraqi customs dues. These included Iranian vessels.

Iraq's territorial ambitions, however, extend beyond the Shatt-el-Arab to the province of Khuzestan, which was previously an Arab Sheikhdom ruled from Muhammara until its annexation by Iran. The Khazais who ruled the region were given political asylum in Kuwait.

Iraq has been giving financial and military assistance to ethnic Arab secessionists fighting the Iranian authorities in the province and has even sent volunteers. It is feared in the Gulf that this could lead to outright hostilities between the two powers. The

Iraqis, it is believed, think that in the event of a war they would have so clear a military superiority that Iran's already demoralised armed forces would be routed. The Iranian army is further suffering from an acute shortage of spare parts, while the weakening of central state authority and the uprisings in Kurdistan, Baluchistan and Azerbaijan have given Baghdad increased confidence.

Iraq, Gulf officials say, would probably try to set up an independent state in Arabistan — as Khuzestan is known — on the basis of a referendum supervised by international observers. Iraq is strengthened in its resolve by Iran's attempts to stir up trouble among Iraq's Shiite Muslim majority and by the freeze on the move towards union with Syria, which has dashed hopes of giving Iraq an outlet on the Mediterranean for its crude oil. The port facilities at Basra, on the Shatt-el-Arab, are inadequate for Iraq oil marketing operations.

A Gulf summit has nevertheless been ruled out, this newsletter has learned, and almost weekly consultations are taking place through foreign and information ministers instead. A conference of information ministers is scheduled for February 10 in Qatar.

CSO: 4820

INTERNAL SECURITY FORCES STRENGTHENED

Baghdad AL-THAWRAH in Arabic 18 Nov 79 p 6

[Article: "Comprehensive Plan to Develop Interior Ministry Organizations; Provision of Best Possible Services to Citizens"]

[Text] Sa'dun Shakir al-Tikriti, minister of interior and member of the Revolution Command Council, has confirmed that the Ministry of Interior's plan for the coming year attaches great importance to citizens' complaints, establishing the best possible relations and reinforcing the bases for mutual trust between the citizens and the Internal Security Forces organizations. In a statement to the IRAQI NEWS AGENCY, the minister said that the plan also includes strengthening the Internal Security Forces organizations and supplying them with modern vehicles and river launches with rapid communication equipment in order to ensure that the needs of the citizens can be met in case of need.

The member of the Revolution Command Council explained that the ministry is determined to eliminate all guard posts and replace them with police stations, introduce police stations in the districts and subdistricts of the governorates, and expand the process of introducing stations inside the cities and metropolises in order to provide the best possible services to the citizens.

Concerning the ministry's plan to provide greater services to the citizens in the area of travel, Mr Shakir confirmed that the ministry, in accordance with the directives of President Saddam Husayn, will open a special office in the State Department of Travel and Nationality to facilitate the handling of military personnel travel, as well as opening a number of travel offices in various areas of the city of Baghdad in view of its high population density in order to carry out transactions with citizens with the greatest possible speed.

8591

CSO: 4802

AGRICULTURAL CONFERENCES DISCUSS PROPOSED PLAN FOR 1980-81

Baghdad AL-THAWRAH in Arabic 20 Nov 79 p 7

[Article: "Annual Agricultural Conferences Focus on Discussion of the Proposed Agricultural Plan; Cultivation of 14 Million Dunums; Expansion of Experimental Farming Methods"]

[Text] The annual agricultural conferences in the governorates are currently concentrating on discussing the details of the proposed agricultural plan for the 1980-1981 summer and winter seasons. This plan aims at increasing production in both the plant and animal fields of agriculture by 7 percent.

The plan emphasizes horizontal and vertical expansion in the utilization of reclaimed lands in order to increase the amount of land in cultivation to 68 percent of rain-fed lands, 90 percent of rain-fed lands with guaranteed rainfall, and 60 percent of lands without guaranteed rainfall.

The plan points out the importance of following advanced scientific methods in increasing agricultural production through the expansion of mechanization, mechanical harvesting, fertilization and care; the introduction of agricultural rotation, especially in experimental farming of wheat and rice; and the acceleration of the implementation of irrigation and drainage projects in accordance with an integrated plan which assures that the production unit is exploited in an economic manner on a large scale.

The plan considers the question of preparing an organizational chart of agricultural manpower consistent with the requirements of modern agriculture and developing a sound method to remedy the migration of manpower from the rural areas to the city in a way that will not lead to the creation of an imbalance in the progress of the agricultural sector.

The plan, which will be put into effect after being approved by the Ninth Annual Agricultural Conference, defines its production goals as the cultivation of a minimum of 13.7 million dunums in various sorts of agricultural crops through concentrating on improving and increasing production vertically by using mechanization to perform various agricultural operations and by attaching importance to increasing fertilized areas, using improved seed and cultivating all reclaimed lands.

The plan suggests that the average production of wheat on state farms and agricultural installations should be 500 kilograms per dunum, with the provision of a minimum of 400,000 dunums of green fodder and an increase in the area utilized for experimental agriculture of a total of 1 million dunums.

8591

CSO: 4802

DEVELOPMENT PROJECTS IMPLEMENTED IN NORTHERN GOVERNORATES

Baghdad AL-THAWRAH in Arabic 20 Nov 79 p 6

[Article: "Implementation of 75 Development Projects in the Governorates: Houses, Youth Centers and Boarding Sections"]

[Text] The Northern State Buildings Institution is implementing 75 development projects as part of its 1978-79 plan at a cost of 120,788,000 dinars.

The projects which have been completed in Nineveh Governorate include a center for construction training, which was implemented directly in both Rabi'ah and Sinjar, and another center for youth in al-Mawsil.

Projects currently underway include construction of a business preparatory school in al-Mawsil, a youth center in al-Sharqat, a building for the Education Department, a headquarters for the General Union of Women of Iraq, a building for Social Reform, 20 residences for officials, a building for the Institute for the Blind, and three preparatory schools in the al-Salamiyah, al-Sharqat and Sinjar areas.

In al-Ta'mim Governorate, the institution has completed construction of a depository for the storage of emergency medical equipment and five residences for officials. Meanwhile, work is continuing on the construction of a building for oil products, a Youth Union center in Kirkuk, a business preparatory school, a labor training center, a boarding section to house students of the Industry Preparatory School, another boarding section for students of the Vocational Institute, a summer swimming pool, a building for poultry raising, and four additional classrooms, a laboratory and a boarding section at the al-Riyadh Agriculture Preparatory School.

In Salah-al-Din Governorate, the institution has completed construction of a public health laboratory and two residences for officials, and is now in the process of constructing a building for the governorate office complex, a Youth Union center in Tikrit, a school of industry, residences to house teachers and a boarding section for the school of industry, a group of buildings for the Education Department, 14 residences for officials, the Tikrit Hospital building, 204 residential apartments, a headquarters building for the General Union of Women of Iraq, a headquarters building for the Popular Organizations and a building for the Land Registry Office.

NEW TECHNIQUE USED TO MAINTAIN LEVEL OF OIL PRODUCTION

Baghdad AL-THAWRAH in Arabic 21 Nov 79 p 8

[Article by Yahya Kazim al-Najjar: "Water Injected Into the Ground to Maintain Oil Production Levels"]

[Text] Today after 11 years on the march, we can be proud of our national cadres and can say that they have become a shining aspect of the revolution on the road to building and achieving the modern socialist state.

In the past, these cadres have been able to implement directly scores of important projects within the country. Today they have produced another collection of great and strategic projects. In the future they will be required to accomplish dozens of other projects not only within the country but in a number of other Arab countries as well, as the oil minister and member of the Revolution Command Council stated when he inaugurated several oil projects last month:

"The revolution is not building for Iraq alone, rather its field is the entire Arab homeland." All of these things are being accomplished on the basis of a programmed plan and unlimited support from leadership of the party and the revolution, under the leadership of our fighting president, Saddam Husayn.

The Most Enormous Project

In this investigation, we become acquainted with the most enormous project being implemented directly by our national cadres. This is the water injection project in the Rumaylah oil fields, which is also considered the largest project of its kind in the Arab region, with a cost of 65 million dinars. The aim of this project is to maintain oil production levels in the Rumaylah fields by pumping chemically treated water into the ground to take the place of extracted oil and at the same time maintain the character of the land and keep it from cracking or breaking.

The project is located on the hills of Basrah near the Rumaylah area and extends into vast desert lands, its towers rising high into the air.

The project consists of three stages, the first of which was inaugurated last month with Mr Tayih 'Abd-al-Karim, member of the Revolution Command Council and minister of oil, in attendance. A big celebration was held on this occasion high above the project lands, and there we met Mr 'Isam 'Abd-al-Rahim, head of the State Organization for Oil Projects "which has overseen the implementation of the project." He said: "The process of putting the first stage of the project into phased operation has been underway since last April, and work on completing the remaining stages will continue on a phased timetable with final completion expected late next year. The first stage includes construction of a canal from the Shatt-al-Basrah with a purification station, a pumping station with a capacity of 95 million cubic meters annually, and a main pipeline with a diameter of 48 inches leading to five pumping stations located at dispersed sites north of Rumaylah. In addition, there will be flow lines, pipelines between the pumping stations and the separator stations, towers, high-pressure lines, secondary electricity, stations, and a central control station with long-range control and radio and wire communications."

Killing of Bacteria

At another site in the project, we met the field measurements supervisor, Sabah 'Ali Muhsin, and asked him about the basic reason for mixing the water with chemicals. He said: "This is done to kill the bacteria found underground. Also, the water mixed with chemicals--chlorine in particular--is sent down into the ground to take the place of the extracted oil so that we can achieve a scientific balance which prevents the ground from caving in or rupturing under the surface."

Mr Sabah adds: "The project contains seven stations to purify and chemically treat the water in order to get it ready for pumping into the wells. The first lifting station draws the water from the canal which branches off from the Shatt-al-Basrah and sends it to the second station. This station then pumps the chlorinated water through two pipelines: one to the North Rumaylah field and the other to the South Rumaylah field. This occurs after the water has been mixed with chemicals in the tanks located at the second station and the chlorinated water has gone to the settlers, then to the filters to remove suspended substances, and then to the main storage tanks, each of which has a capacity of 480 cubic kilometers [as published]. After this the water is ready to be pumped through the two pipelines mentioned earlier."

Time and Costs Summarized

Project Director Nahid Sa'id said: "This project, which has been implemented directly by our national cadres, has achieved unparalleled success in terms of time and cost. Despite certain obstacles which the workers encountered

during implementation--the most important of which was the nature of the rugged and rocky ground, in addition to changes in the plans, the scarcity of building materials, and other obstacles--our national cadres were able to continue working with determination and dedication, overcoming in an impressive manner all the difficulties and thus accomplishing the most impressive and biggest project of its kind in the region."

The project director added: "The first stage, which has not been opened, is one of the most important stages of the project, and it did not exceed its 3-year implementation period. We hope that the second stage will be completed by the beginning of 1980, and the third stage by the end of 1980."

He also added: "Several organizations cooperated in implementing this project. In addition to the Soviet company (Techno-export), which helped us in preparing the plans and transporting the machines and equipment, the State Construction Contracting Company carried out the civil engineering operations and the National Petroleum Company carried out the work involved in putting the project into operation."

In this connection, a total of 400 workers in all specialties participated in the project, and movable forms were used by an Iraqi cadre for the first time and with a high level of competence.

And so, another model towers up in our oil industry through direct implementation by an Iraqi cadre and takes its place in the strong-linked chain of projects--ranging from the drilling of the wells, to the extraction, refining and processing of the oil to the exportation of the oil by means of our giant oil tankers.

All of these achievements are links in a strong chain which would never have come into existence if not for nationalization, which in turn would never have been achieved if not for the revolution.

8951

CSO: 4802

BRIEFS

INCREASE IN NATIONAL PRODUCT--The country's National Product achieved a growth rate of 330 percent between the years 1968 and 1976, in contrast to a growth rate of only 230 percent from 1958 to 1968. This was announced by Dr 'Abd-al-'Al al-Sakban, advisor in the Office of Economic Affairs of the Revolution Command Council, in a lecture he gave two evenings ago in the auditorium of the Internal Information Department in the city of al-Diwaniyah. The lecture was entitled "Observations and Ideas About Economic Development in Iraq and the National and International Role of Iraq's Economy." He said that the average annual per capita income increased to approximately 500 dinars from 1968 to 1976, while it had been only 90 dinars from 1958 to 1968. He pointed out that Iraq has become a center of attraction in the Third World on the strength of the support it has given to Third World countries, which totaled about \$1 billion. He also discussed Iraq's sustained efforts to produce a more just international economic order which will meet the aspirations of the developing countries to create comprehensive advancement for its peoples. The lecture also dealt incidentally with the concept of development, the link between economic development and socialism, comprehensive planning, and planning models, including the revolutionary model. [Text] [Baghdad AL-THAWRAH in Arabic 16 Nov 79 p 6] 8591

FIVE NEW HOSPITALS--Minister of Public Works and Housing Muhammad Fadil Husayn Sabah signed a contract yesterday with two international companies for construction of four hospitals in the governorates of Baghdad, Irbil, Salah-al-Din and Dhi Qar at a cost of 45,360,800 dinars. Each hospital will have nine floors and will include 400 beds, sections for outpatient care, operating rooms, anesthetization facilities, and wards for all specialties up to international technical specifications, as well as advanced service equipment. The contract is expected to be fulfilled within a 26-month period. On the same subject, the Ministry of Health has decided to build a 100-bed hospital in the district of Raniyah in al-Sulaymaniyah Governorate. The ministry has also decided to construct a branch health center in Dar Mulhaqah in the subdistrict of al-'Amayirah in Dhi Qar Governorate. This measure is being taken in accordance with the ministry's plan to expand and develop the health services offered to the citizens. [Text] [Baghdad AL-THAWRAH in Arabic 16 Nov 79 p 7] 8591

NEW DIPLOMATS--In the most extensive move involving diplomatic organizations of its kind, the Iraqi government has appointed more than 20 new ambassadors, all of whom are young men under the age of 40. Most of the ambassadors who have been appointed have previously worked in the press or as press advisors in their country's foreign embassies. The appointees include Nadim Ahmad al-Yasin, who was press attache in Cairo and Beirut at the beginning of the 1970's and afterwards became general director of the Ministry of Information; Peter Yusuf, a former journalist with the newspaper AL-THAWRAH; Majid al-Samra'i; and Mudar Habib al-Khayzaran. The Paris embassy, which the Iraqis consider their main diplomatic and information center in Western Europe, acquired an ample share of these changes, with the current ambassador, Nuri al-Wis expected to be posted to another capital, probably Moscow. In addition, the official of the Ba'th Party Organization in France, Basim al-Bazzaz, has also been appointed as an ambassador. Sami Mahdi, the director of the Iraqi Cultural Center in Paris, has been transferred to Baghdad where he has been appointed director of culture in the Ministry of Information and Culture. His successor in Paris will be Fadil Shahir, who is now working in the office of President Saddam Husayn. [Text] [London AL-HAWADITH in Arabic 30 Nov 79 pp 8-9] 8591

we can justifiably describe ourselves as a truly diversified investment company, with varied sources of earnings and a solid profit base.

Q The Kuwaiti government has recently taken a series of steps to solve the country's liquidity crisis. Could you explain these measures?

A The financial market has in recent months witnessed what could be called a shortage of monetary liquidity. The sharp increase in dollar interest rates prompted Kuwaiti investors, both individuals and corporations, to switch from KD-denominated holdings into dollar investments, they were also motivated by the rise in the Dollar's value against the Dinar.

As you know, the value of the Kuwaiti Dinar is linked to a basket of currencies, it is determined by Kuwait's trade relations with the rest of the world, which makes the Dinar move up or down within a narrow band against floating currencies.

I do not think that there is a liquidity crisis in the real sense of the term. In an advanced economy such as that of the US or the Western European nations, the definition of a liquidity crisis is the absence of medium or long-term credit for the expansion of industrial plant. In Kuwait today there is an abundance of medium- and long-term credit and, except for commerce, contracting and stock replenishing, it is more than enough to satisfy normal loan demand. So what is the problem?

In the first place, part of the available funds have been linked to factors which are either extraneous to the economic system or not intimately concerned with economic activity. Part of the funds available as credit, that is to say, have been channelled into investment areas which are not conducive to a reasonable rate of growth of the national economy, and this has produced inflation and strain.

Even so, the medium- and long-term funds available for loans still cover to an acceptable degree the monetary requirements for expanding imports, stock replenishment and contracting.

The problem began when the requirements for financing financial transactions exceeded the capacity of banking institutions - that is why I called it a *monetary* liquidity problem, which is what it is. Investors might be seeking credit finance for their subscriptions to shares and securities anywhere in the world. This credit cannot be finance based, because there are limits to the Kuwaiti economy. Kuwait's heavy reliance on financial investments makes it vulnerable in this respect.

The investment potential - and I include investments abroad - is far greater than the money supply and available credit. So the problem arises when you try to match investment financing requirements with the availability of KD-denominated credit.

The measures adopted by the authorities were all

good, I think. One was to halt issues of KD-denominated securities until the market regains its breath and interest rates return to normal levels. We are optimistic about this. The decline in economic activity in the US which is generally predicted for the coming year will probably push interest rates down; moreover, since KD-denominated investments are generally considered immune to currency fluctuations, we expect to see a return of some of the money that has flowed out into dollars.

Measures in force until interest rates drop

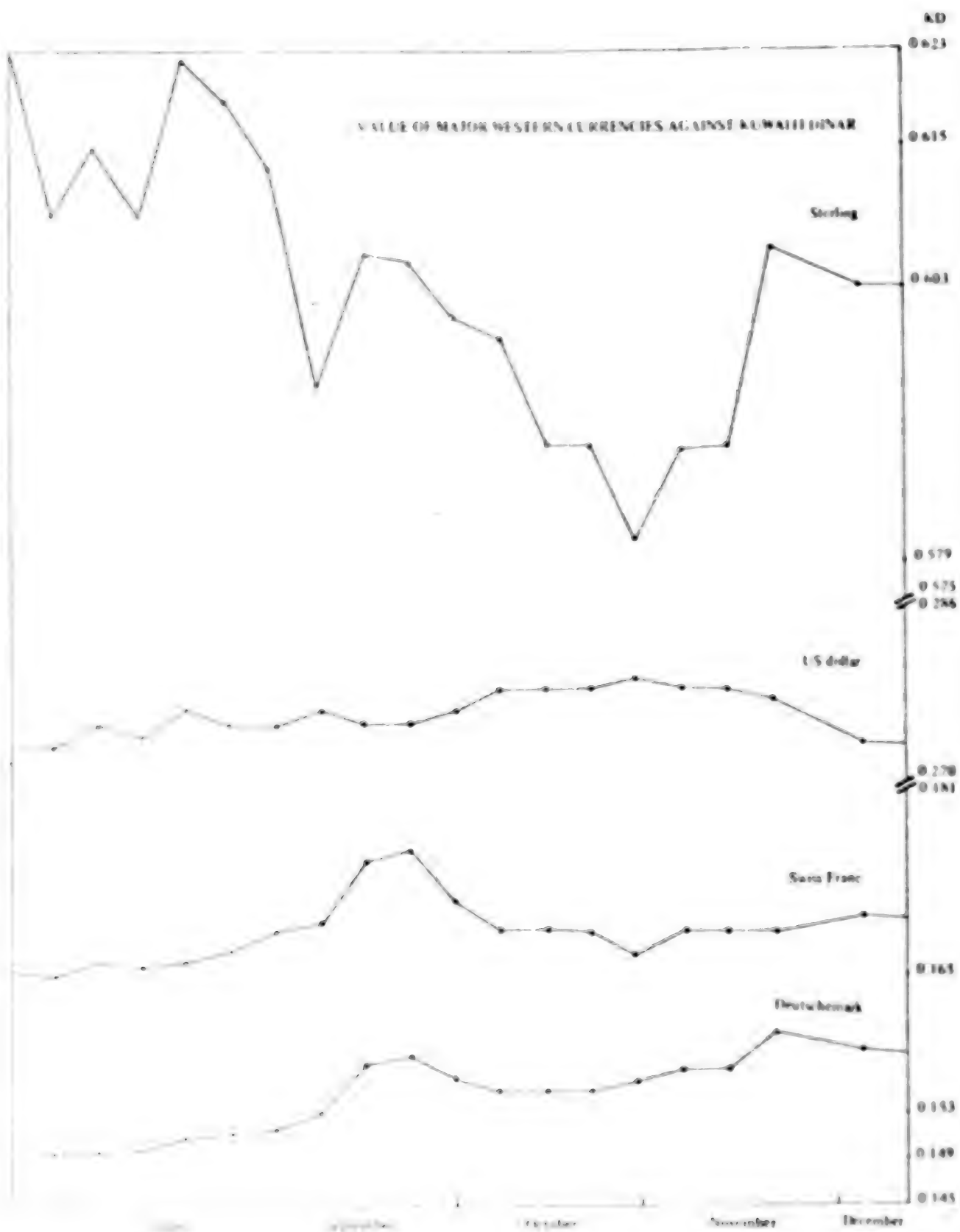
At any rate, I can state that the measures will remain in force until interest rates drop on world markets.

Q What consequences do you foresee from the freeze on Iranian assets by the US? In particular, how are these likely to affect oil-exporting countries and what steps could be taken to counter them?

A There can be no doubt that this action is alarming, and I would suggest two lines of action for future investment strategy. The US is a very dynamic and advanced financial market and the dollar will undoubtedly remain the major international investment currency. But this should not prevent us diversifying investments.

We must diversify in currencies and countries as well as into real investments, in other words, we should reduce financial investments and increase our direct investments. At present Arab and OPEC investments abroad are still in the form of loans and credit or securities or deposits. We should channel a larger portion of our surpluses into direct investments.

Creditors are also hit by world monetary inflation, so we should diversify among currencies, countries and debentures and leave a wider margin for direct investment. The Iranian example has taught us a lesson about the need to repatriate investments. We are talking about Saudi funds of \$90 billion by the end of next year and of Kuwait funds of about \$40 billion. Some estimates put the OPEC surplus as high as \$320 billion by the end of 1980, a huge figure approximating to that of the multinationals. It will soon equal the aggregate assets of the central banks of the industrial countries. These surpluses will continue to rise, since the value of oil will go on rising, we shall therefore arrive at a time when we find that our returns and profitability are adversely affected by the pattern of investment and the deployment of our surpluses. We may not face that situation very soon, but we will face it one day, unless the pattern changes.



KFAED CHIEF TALKS ABOUT AID TO THIRD WORLD

Paris AN-NAHAR ARAB REPORT & MEMO in English 24 Dec 79 pp 6-8

[Interview with Abdel Latif al-Hamad, of KFAED, by Randa Takieddine, date and place not given]

[Text]

As a major donor of aid to the Third World, the Kuwait Fund for Arab Economic Development (KFAED) carries great weight in Arab counsels because of its long experience and sophisticated management. In an exclusive interview with *An-Nahar Arab Report & Memo's* Randa Takieddine, the Director-General of KFAED, Abdel Latif al-Hamad, explains the philosophy and the priorities which lie behind the Fund's lending policies.

A charge commonly raised against the Arab development funds is that their aid to developing countries is heavily weighted in favour of Arab beneficiaries, and a glance at the KFAED's performance over the past two years tends to confirm this. Although it extended only four loans to Arab countries out of a total of 13 loans last year, these represented 46 per cent of the sums disbursed, in the first half of this year, fully 79 per cent of the total went in 11 loans to seven Arab countries, out of a total of 17 credits. In the course of the interview, Mr al-Hamad rebuts the charge and argues that the Arab world is less favoured by international agencies.

Insisting that KFAED is "insulated" from political pressures, he confirms that no loans have been made to Egypt since Camp David, he adds however that the Fund stopped making new loan commitments to Egypt two years before the conference because that country was simply unable to absorb financial assistance. But he stresses that KFAED is honouring its existing commitments. On February 15, 1977, KFAED extended a loan of KD 7 million (\$25 million) to Egypt for the Ray Shaker Suez-Cairo oil pipeline (*An-Nahar Arab Report & Memo*, January 2, 1978) and last year it made

a loan of K10 million (\$21.5 million) for the widening and deepening of the Suez Canal (*Al-Nahar Arab Report & MCMC*, April 23, 1979).

Excerpts from the interview follow.

Q. What is the capital and current status of the Kuwait Fund?

A. The Kuwait Fund is the oldest development institution in a country that is itself developing which has been set up to help the developing world. It was established in 1963, which makes it quite old in terms of international economic cooperation in this field. It was created to cater for the specific purpose of helping poor countries and the supply of its operations was concentrated on countries that are field of operations has been very expanded and programmes were expanded considerably in 1974. Since the approval of the annual programme of the Kuwait Fund its activities have increased from a total commitment of about US\$ 1.3 billion in 1975 to about US\$ 1.5 billion in 1976, then US\$ 1.6 billion in 1977, followed by the last year and a half and its operations have spread from about 100 countries to over 120 countries in the Third World.

(c) \mathcal{A} is a \mathcal{C}^* -algebra and \mathcal{B} is a \mathcal{C}^* -subalgebra of \mathcal{A} .

5. *process of the learning process of the knowledge* I find no movement that have not changed in my cooked culture from the traditional approach to development thinking which has evolved through the awareness of the movement in that field such as the World Bank. Of course to say that we are a carbon copy of the World Bank or that anybody else is a carbon copy of us is too strong. This is because each movement creates its own field and approach to those problems within a local context of the nature of innovation that is applicable to development thinking. As a result the idea that we provide an enormous looking image of geography and variety of development that does not exist in the same way and the other is our main concern and right to the movement is to be a movement that has been a different image of the movement and the knowledge of the knowledge of the knowledge of the knowledge.

[illegible]

count the number of people or countries in Asia or Africa. So we try to avoid over emphasis on one single country in the area. One major criterion upon which we put greater emphasis is the degree of poverty of the country. The poorer the country, the greater the emphasis we put on our operations.

Q: I assume you were giving development loans to Egypt. What has happened to these loans following the Camp David agreement and the Arab boycott of Egypt?

A: What has happened to our outstanding commitments to Egypt is that loans that have been signed and are under implementation are continuing. We are fulfilling our commitment to Egypt.

Q: Could you give figures?

A: Figures do not mean anything. A figure on what? Disbursements or commitments? The commitments were there before the political events, and we have implemented all our payments on outstanding commitments. However, we are not interested in—nor are we thinking about—new projects in Egypt. We will honour our commitments as long as they honour their commitments to us. We do not intend to make new loans to Egypt for a variety of reasons. In fact, the Kuwaiti Fund had not given any commitment or any new loans. I do not for two years prior to Camp David simply because we agreed not to undertake any more loans for projects that were not being implemented. We were focusing our attention—as we are now—on the implementation of existing projects. This meant that even if the political circumstances leading to the current situation had not occurred, we would not have given more loans to Egypt.

Q: How do you cooperate with other Arab funds?

A: We have a very close working relationship with the other Arab funds. There are seven Arab financial institutions, and these have the closest working relationship with any group of development agencies in the world. We have bi-monthly meetings for coordination of operations at the level of directors; we have informal contacts between the heads of the organisations and we carry out a formal meeting any time there is a problem that requires the attention of these top executives. We have coordinated our paperwork; we have jointly issued our projects. We have conducted joint research; we have exchanged projects for each other and we are involved in co-operation. We have approved a single bank group for the Arab group on projects under implementation jointly when other foreign agencies are involved. There is a very high level of co-operation and co-ordination by the Arab institutions, both in terms of the financing and the operations that you have heard about. There are other points that I know of.

Q: Are you helping countries which cannot pay their oil bills by giving them loans in the way that the Iraq Fund does?

A: They give balance of payments loans. We don't. What we try to do is to achieve more of a structural reform by supporting the economies of developing countries to enable them to expand and develop by giving them the long-term financing needed to create a productive capacity to enable them to pay not only their deficit on oil imports but also their deficit on all other imports: commodities, capital goods and services. So we have been taking a very long-term approach all along, even before energy became a problem for developing countries. Our policy has shown that a great deal of progress could be achieved by sustaining a long-term approach.

Q: The World Bank has appealed for more aid to finance the search for sources of energy in oil-importing developing countries. Are you undertaking this kind of aid?

A: When we talk about energy, we have to recognise that the petroleum-based energy requirements of the developing countries amounts for only about 20 per cent of their total consumption of energy. This is because most of them rely on other sources such as kerosene for food and energy consumption patterns vary from one country to another and from one period to another. Our policy all along has been to support a more efficient utilisation of energy in developing countries. For example, when you have a national grid for power and when you have central generation (of electricity), this introduces greater efficiency than is obtained from scattered generating centres all around which are not integrated insofar as your investment requirements and your running costs are concerned. It is a totally different picture from that of centralised operations that are often connected.

If you are a country with water resources and these are underdeveloped and ignored, it means you will have to fill the energy gap from other sources. It could be oil or, in some cases, coal. We try to help countries develop their hydroelectric resources; mining is another sector in which we try to help; and so on. So, if we are looking at energy in its totality, then the answer is yes. We have been giving a great deal of emphasis to this even before the World Bank made it a major sector for development and we would be very happy to cooperate with the World Bank in investments in energy, for development of transport, power and even for exploitation of renewables.

Q: What are the main problems you encounter over development projects in the Third World?

A: It is very difficult to say that all Third World countries have one single problem that is common to all. The problems vary from one region to another and from one country to another. Of course, the management of the economy is the paramount factor in determining the success or failure of an economy. I know of a number of countries without resources which have improved their management and have been able to do extremely well. I also know of a lot of countries which have immense resources where the quality of management has deteriorated and this has led to a deterioration in their economic performance.

The countries which we help and what we give under what circumstances and conditions are questions which are never dictated by political considerations. The final decision is taken within the Fund. The board of directors of the Fund does it and we do not refer the decision to any other agency in the government. We are totally insulated from political considerations and this is a determined policy on the part of the Kuwaiti government. They never make decisions for us. When he established this institution when he was Minister of Finance, His Highness the Ruler (Sheikh Jaber al-Ahmad) made the point that this should be a totally independent agency. Consequently, it has worked along these lines. The Fund deals directly with countries without intermediaries in the Kuwaiti government.

Of course, the fact that we are a public trust dealing with public money means that we are responsible to the government of Kuwait for what we do and how we do it. Consequently, we report to them what we have done. We keep informed of their feelings about what is going on in the world and we keep them informed about what our approach is going to be to problems in the future. But we do not get specific political directives.

The supreme example of our independence occurred in the early 1970s when Jordan clashed with the Palestinians and there was a resolution by the National Assembly with which the government had to abide to freeze all cooperation between the Kuwaiti government and the Jordanian government. The Kuwaiti Fund continued as if nothing had happened and we came under criticism both in parliament and in the press. We managed to convince them, however, that it is to the benefit of everybody that the Kuwaiti Fund remains totally insulated from political considerations.

COMMENTARY ON IRANIAN CRISIS, LEBANESE MUSLIMS

Beirut L'ORIENT-LE JOUR in French 30 Nov 79 p 9

[Commentary by Issa Goraieb: "The Ayatollah's Forgotten Cousins"]

[Text] Are the Shi'ites of Lebanon the poor relations of the Khomeynist revolution, a "pure and poor" revolution, itself Shi'ite in the beginning but whose resolutely pan-Islamic inclination is growing a little stronger every day?

For as fervent and sincere as they may be, the demonstrations of support for Khomeyni which have taken place these past 2 days in Beirut and its suburbs were unable to mask the profound sense of malaise within the Lebanese Shi'ite community, which in fact risks seeing itself doubly sacrificed on the altar of state policy: the state of the ayatollahs, of course.

Throughout the Lebanese war, the Shi'ites gave the appearance of being predestined victims. Even before the explosion, and under the crosier of their vanished Imam Musa Sadr, they staked everything on the Palestinian Resistance, to which they give the best reception in the southern border region: it is they who most often bear the crushing weight of Israeli reprisals as well as that of a friendly presence from which, however, abuses and extortions have not been excluded. They can be seen pursued, hard pressed by war, tossed about between the south and the populous suburbs of the capital, in tragic cohorts of all sorts of vehicles loaded with a suffering humanity and miserable bundles.

Then, as the risks of an implantation--which indeed seems to have been the real stake in the Lebanese war--become clearer, comes the realization--brutal and profound as well as tardy. For, all things considered, in the Lebanese context which has emerged from the war, it is the Shi'ites who would have the most to lose from a permanent and officialized installation of Palestinian refugees in Lebanon, with the compartmentalization of the country (to say the least), which would inevitably accompany such a process. The Christians? Divested of their former political preponderance, they could have to be satisfied with a more or less autonomous

entity which, after Karantinah, Tall al-Za'tar and Nab'ah, will henceforth be free of any "non-homogeneous" presence. The Sunnis? They would perpetuate their supremacy over the rest of the country, even if in order to do so they must stint themselves a little in order to make room for the Palestinians, a large part of whom will undoubtedly prefer to insure themselves a sanctuary rather than to return to the future mini-state of (Cisjordanie) and Gaza. But what consolation prize can there be for the 800,000 Shi'ites, this paradoxical majority minority group which rises with vigor against the implantation, which more and more frequently talks about taking arms "against any agressor no matter where he comes from," which fires on yesterday's allies in Chyah, which, which insistently calls for sending the army into South Lebanon and for reestablishing legal authority over the entire national territory and which fully supports these upheld by the government at the Arab Summit in Tunis and finally which is not concealing its disappointment at the results of this conference?

The Sunni Connection

Now, at the very moment when the different Shi'ite leaderships are demanding the application of the United Nations resolutions to Southern Lebanon and thus the withdrawal of Fedayine north of the Litani, Tehran is sticking to its firm support for the theses of the PLO, a precious ally irreplaceable for whoever wants to broadcast his influence in the Arab countries. This was made evident by the dispatch to Tunis of an Iranian delegation which, received individually by several Arab officials, condemned against all thoughtless pressure on the Palestinian Resistance.

As less frustrating for the Shi'ite community of Lebanon is the rough draft of an alliance initiated at the beginning of the week between Iran and Libya, which, however, is held responsible for the disappearance of Musa Sadr in August 1978 as well as the order given by Khomeyni for an end to be put to the sit-in organized by the relations and partisans of the vanished imam. Iran has indeed promised that a commission of inquiry will meet soon in Tripoli, but at the time of this writing the Iranian and Libyan revolutionaries are proclaiming in a joint communique that their two movements constitute the foundation of an Islamic awakening called to spread to the entire Arab and Muslim World." Qadhdhafi, who was the first apostle of the Green Revolution, can hope henceforth to win a larger audience by associating with Khomeyni; he could also be followed in this path by certain Arab regimes for which there is no other way to avoid the shock wave from Teheran than to let themselves be borne by the current while praying hard that all turn out well.

As for the implacable patriarch of Qom, he has just established his first government-to-government Sunni contact and no doubt does not intend to halt on such a good path. An Islam of the masses, of martyrdom and battle, a proletarian struggle as well as a national liberation struggle, a threat for the absolute which makes the world tremble, and especially an all-purpose enemy, the American "devil": all the ingredients are combined for the most explosive of cocktails, in a region of the globe literally

steeped in oil and where the first sparks of sacred fire are already
flying.

There are no more frontiers for the Mullahs' impassioned appeals. And
there, perhaps, is ultimately the only consolation of the Lebanese
Mitwallis, for whom the Feast of Mortification--'Ashura.' celebrated this
very day, will never have been of more bitter, more burning actuality.

7180

CSO: 3800

STATEMENT BY PATRIARCH KHURAYSH

Beirut L'ORIENT-LE JOUR in French 5 Dec 79 p 12

[Article: "Khuraysh: 'I Remain Convinced of the Lebanese' Capacity For Surmounting the Crisis']

[Text] "My meeting with Qulaylat had no tangible results," the Maronite Patriarch indicates. He returned to Beirut yesterday after an absence of 2 months.

The Maronite Patriarch, Mgr Antoine Pierre Khuraysh returned to Beirut yesterday afternoon, coming from Rome after an absence of two months, during which he underwent surgery in a hospital of the Italian capital.

On his arrival, Mgr Khuraysh was greeted at AIB [Beirut International Airport] by the minister of national education, Butrus Harb, who represented the head of state; Abd-al-Rahman Shaykha, the director general of protocol and public relations to the chairman of the council, who represented the prime minister; the apostolic nuncio, Mgr Nasrallah Sfeir and the mohafez of Mont-Liban, Fadi Hamawiyah, as well as a certain number of religious and civilian officials.

In a statement made at the airport reception room, the Maronite Patriarch, having given thanks to all the officials who had worried about him, especially the president of the republic and the head of the government, said, "When I left the country I was disturbed by the prevailing situation. Many unfortunate things have happened during my absence, but I remain convinced of the Lebanese' capacity for surmounting the crisis."

Next alluding to the "jolts shaking the world," Mgr Khuraysh indicated, "I think that these events should give us to think about the value of Lebanon in order to enable us to bring about a return to our authenticity. It is in this way alone that we will be able to attain prosperity. That is why I feel that we must leave the past behind and keep only what is useful to us. Lebanon is a value of our civilization, and it is up to us Lebanese to safeguard it. For our part, we have done everything possible."

to attract the world's attention to the Lebanese situation, and we will continue to do so in the hope of succeeding some day. We have never worked for ourself or for our religion but for all the sons of this fatherland. In this respect I should thank His Holiness Pope John Paul II for all the services he has rendered this country, the United Nations and elsewhere."

To the question of how his meeting Monday in Rome with Ibrahim Qulayat, the leader of the Murabitun, had gone, the Maronite Patriarch answered, "We met, but we did not arrive at any tangible results. This is due to the fact that we are hiding behind slogans which have ceased to have any value by dint of being repeated. This is also due to the fact that we are not reproducing the truth such as it is. For my part, I am sure that we are fundamentally in agreement, but we do not dare say that we are."

1858

(10: 400)

LIBYA

ARAB WORLD'S FIRST LAND PRESERVE PLANNED IN AL-KUF

Tripoli AL-FAJR AL-JADID in Arabic 19 Nov 79 p 2

[Article: "Establishment of a National Preserve at Al-Kuf in the Vicinity of Al-Akhdar Mountain"]

[Text] The director of al-Kuf National Preserve disclosed that the purpose of the large-scale project is to preserve natural resources and protect wildlife in the al-Akhdar mountain area. The approximately 100,000 hectare resort is located near the town of al-Bayda. One-half of the resort area is mountain and coastal land. The project administration plans to fence off the portion of the resort located north of the main road connecting the towns of al-Marj and al-Bayda, as well as the region extending north from Sidi 'Abi al-Wahid to the sea. Care will be taken to keep the preserve area as far as possible from towns, villages and other populated regions. The fenced off area will encompass 35,000 hectares and will include portions of Wadi al-Kuf, Wadi al-Sudan, Wadi Bayt Salih and some of the valleys that are parallel to Wadi Jarjar Ummuh. The project director explained that the proposed location is suitable for the preserve undertaking, and that it contains good soil, forests, and pastures, as well as having a variety of land and marine animals and birds. Some parts of the preserve have an elevation of 850 meters above sea level. The average annual rainfall is 550 millimeters. The temperature ranges from 0°C in the winter to 33°C in the summer. The project director revealed that this project is the first of its type in Libya and the Arab world. He added that the primary purpose is to create and develop an environmentally balanced region, and provide an opportunity to train environmental experts. The project will also serve as a national park area. He emphasized that the valleys, forests, pastures, lakes and wildlife of all types would provide all the ingredients for a natural preserve of great material and national value.

LIBYA

ESTABLISHMENT OF TWO RESORT VILLAGES BEING UNDERTAKEN

Tripoli AL-FAJR AL-JADID in Arabic 19 Nov 79 p 4

[Article: "Preparations Afoot for Establishing Two Model Resort Villages"]

[Text] The secretary of the People's Committee on Social Security disclosed that preparations are underway to create two model resort villages. The villages will be used for recreation which, according to the secretary, is now a necessary social service and a recognized factor in increasing work productivity. Speaking to the LIBYAN NEWS AGENCY, the secretary said one of the villages is Janzur, which is located on the sea coast and has an area of 180 hectares. When completed, the village will have a first class, 185-room hotel, a club, a 550-seat restaurant, swimming pools, playgrounds and other recreational facilities, a 750 seat movie house, parking facilities, and volleyball and basketball courts. The village will also have 102 summer cabins to accommodate families and single tourists, a residential complex consisting of single rooms for workers and a total of 170 apartments. Of these, 136 will be single bedroom apartments, 29 2-bedroom apartments, and 5 will be 3-bedroom apartments. All will be fully furnished.

The second resort village, according to the secretary, will be located at Garyunis near the sea, and will have roughly the same type of accommodations as those planned for Janzur.

Speaking of other social security projects, the secretary said that another tourist hotel will be constructed at Misratah. The first class hotel will have 250 rooms plus an additional 8 wings to house a moviehouse, a theater, mass meeting halls and other facilities.

The secretary indicated that the resort villages will be completed in 30 months, and that certain parts of the project will be ready 20 months from the contract signing date. He said that the overall administration of these projects will be delegated to international companies specializing in resort management. The secretary explained that a primary objective of the new resort projects is to relieve pressure on the tourist facilities at Tripoli and Benghazi and to use social security funds for social development.

9063

CSG: 4807

BRIEFS

LIBYAN-JAPANESE RELATIONS--A Japanese delegation led by Mr Kimora, the president of the Japanese-Libyan Friendship Society and Japan's former foreign minister, arrived yesterday afternoon in Tripoli. The delegation, which represents all Japanese political parties, is visiting Libya to discuss ways to strengthen Japanese-Libyan relations and increase cooperation between the two countries. Mr Kimora expressed his admiration for the leader of the Libyan revolution and for the principles and aspirations of the revolution. He said: "The delegation's visit to Libya is a manifestation of Japan's desire to improve its relations with the Libyan people and to explore ways to increase cooperation between the two countries." The delegation was welcomed at the Tripoli International Airport by the deputy director of the Foreign Liaison Office, the Japanese ambassador to Libya and some of his staff, and a number of the Japanese-Libyan Friendship Society members. [Text] [Tripoli AL-FAJR AL-JADID in Arabic 28 Nov 79 p 2] 9063

TRAINING MILITARY TRAINING--Libya's military authorities announced that applications for the frogman training program are being accepted. The announcement invited young Libyans to volunteer for military service, and listed the requirements for entry into the frogmen program. Applicants must be between 17 and 25 years of age. They must be Libyan citizens and must agree to remain single for 5 years. Applicants must also have an elementary school diploma. Applications must include a birth certificate, a residence certificate, and a Libyan citizenship certificate. Applications must also include good conduct certificates obtainable from police headquarters, and four 5 cm x 6 cm photographs. Interviews and medical examinations will be given at the following hospitals: Acabah ibn Nafi' Hospital, 15 November to 5 December 1979; Benghazi's former military hospital, 15 November to 5 December 1979; Sabha's former military hospital, 15 November to 5 December 1979; Tripoli's Military Hospital, 15 November to 5 December 1979. Volunteers will be given the rank of private and receive regular monthly military pay and allowances. Volunteers will be subject to all military rules and regulations in effect currently. [Text] [Tripoli AL-FAJR AL-JADID in Arabic 15 Nov 79 p 7] 9063

MINISTER SAYS MINING SECTOR HAS NOT GIVEN EXPECTED RESULTS

Nouakchott CHAAB in French 13 Dec 79 pp 3, 8

[Interview with Minister of Industry and Mines Mohamed El Moktar O. Zamel on industrial and mining problems and solutions, by CHAAB; date and place not given]

[Text] With regard to the industrial and mining sector, certain costly projects have in the last analysis not been carried out (the sugar project, oil refinery and the like); a number of small and medium-sized projects, initiated by private firms, did not give the desired results.

Minister of Industry and Mines Zamel gave thorough explanations on these problems and many others in a well-attended press conference he granted the national press on the situation in his sector.

He also spoke of measures already taken or contemplated with the aim of correcting this situation.

The following is the verbatim text of the first part of the press conference:

Question: Mr Minister, the CSMN [Military Committee for National Safety] recently made a number of decisions concerning your department and particularly protested, and I quote, "against the slovenliness and waste prevailing in the mining and industrial sector." What is the precise situation?

Answer: In my opinion, it is necessary to explain in some detail the waste and slovenliness mentioned in the communique of the CSMN's plenary session and to give a few examples as the simplest way to illustrate the explanation.

You must know that the production of iron ore, which is one of Mauritania's principal resources, has already reached a level of more than 11 million tons but has again declined to about 6 million tons. We must also recall the case of the exploitation of the Akjoujt copper mine which is one of the sources of our national wealth and which has been closed.

We must recall projects of perhaps less importance like the Nouadhibou oil refinery and the sugar-refinery conglomerate, or the ready-made clothes

company; a certain number of industrial projects which cost the country much money and which in the end did not give the expected results. I believe that it is in this sense that we must partially examine the expression: waste and slovenliness.

It must also be said that the mining sector in particular did not give the expected results with regard to other angles from which it can be contemplated. And here I want to speak of employment, of the Mauritanization of positions, of the training of skilled people, a release from overconfinement. There are several factors which have prevented the mining sector from obtaining the expected results up to now.

Again as an example, one should mention a certain number of small and medium-sized projects which have been initiated by private groups and which have not yielded the desired results.

I think it is in that spirit that we must interpret the expression used in the CMSN communique. The question which arises is what do we contemplate to put an end to this situation?

Question: You have just described the situation from the aspect of your department. What, then, are the measures already taken or being considered to correct the situation?

Answer: I think the department of industry and mines must be examined from two angles: the mining and the industrial.

In the mining sector our foremost current concern is to do our utmost to improve the condition of the SNIM [National Mining Industry Company], which is at an extremely low point. There are various reasons for this, the war--perhaps--not being the least, for the Zouerate section and even the entire railroad have been regularly subjected to attacks which have greatly disturbed the situation.

Our principal concern is to restore the mining activity (the mining and removal of iron ore), which, it should be remembered, represents more than 85 percent of our exports, to an adequate level of production and export. We are hoping that, despite all the difficulties, 1979 may end up with a production of 9 million tons. This would not be so bad, considering the situation with which we are now faced.

It must be said that, although one can descend rather quickly, it takes time to climb back up.

At the same time, we are thinking about the continuity of the project, the continuity of mining exploration, which will be assured by the Guelb project. As you know, at the rate of current production, Kedia ore could well be exhausted in 6 years. We must immediately concern ourselves with a

continuation of this activity which, roughly speaking, provides a living for 100,000 persons and which accounts for a rather high level of activity in the northern part of the country. This continuation is assured by the Guelb project which is about to begin, if it has not already begun. In fact, it has already begun inasmuch as there is special equipment already ordered which will take several years to manufacture. Physically then, the Guelb project has already begun without our being aware of it. What is important is that the engineering is completed and all the financing has been arranged.

Every day, as you know, we are signing agreements with loan organizations, which number about 14; this is due to the size of the project which requires \$500 million just to cover the first phase. That is not an insignificant sum. So much for action currently underway while, at the same time, we are making contacts, already fairly well advanced, aimed at reopening the Akjoujt copper mine, closed in 1978. This mine contains certain strata:

--The oxidized layer which is almost exhausted and which is subjected to the Torres process.

--The sulfur layer which is by far the more interesting of the two and which will be the subject of a possible exploration in the near future.

We are now making a number of contacts to see to what extent we may be able to consider the reopening of this mine. At present, we believe this is possible if the situation remains the same as it is now.

Question: Let us come back to the mining sector, Mr Minister. It is known that the IMEN recommended the establishment of an operating organization other than the SNIM to be exclusively responsible for mining research. Why this option?

Answer: You know that Mauritania is a vast territory which, in certain areas, offers very interesting geological aspects. It so happens that not only during colonization but since independence no in-depth work has been done to assure the quality and quantity of this country's resources.

In the geological and mining domain we pass through several phases: basic reconnaissance is required first of all; then come geological studies which would show the existence or nonexistence of indications of ore; this work would be carried to the point where there are indications that exploration may be economically profitable. From that point on, research is taken over by those interested in developing the deposit, that is, its exploration. There should be all the preliminary work from basic reconnaissance to the verification of indications that exploration is economically profitable; only the state can carry on the exploratory work. That is why it is essential for the state to acquire an operating organization which will perform the work which no one else will do. Once a deposit, or more precisely, an

indication of economic feasibility is discerned, we can contemplate exploration by the state or exploration in association with the state through private domestic or foreign entities.

However, there is preliminary work which no one can perform but ourselves. Mines worked in Mauritania up to now consist of Kedja de Djil iron ore. As has been the case for centuries, the authorization is neither that of the Mauritanian Government nor that of the colonial state.

It is even known that centuries ago Mauritians made iron-ore castings in this area. The same occurred with copper ore. There has been some exploitation of the deposit in Bounaga soil, discovered somewhat accidentally.

At one time the Inchiri area was being explored for radioactive material and--during those explorations--the Bounaga deposit was discovered. As a matter of fact, both research carried on by the French colonial state and that performed by the independent Mauritanian Government have not disclosed a deposit worthy of being exploited up to now. As a result, the entire preliminary work should still be done by the state. Some of you will say that money so spent is wasted; but this effort is essential, and it is currently recognized by countries engaged in this work that, generally speaking, geological and mining research--in the worst conditions--justifies the money spent in deposits worthy of exploration. It is to satisfy this concern and perform the work in question that no one--and I stress this point--but the Mauritanian Government will perform that the COMON was led to recommend the establishment of an operating organization to be part of the state administration called upon to conduct preliminary studies in the geological and mining sector without predetermining the use which will be made of any deposits discovered. But this work should still be done, and it is the government's obligation to perform this task.

25/11

030: 4400

MAURITANIA

FINANCING OF GUELBS PROJECT

Nouakchott CHAAB in French 10 Dec 79 p 8

[Text] Ely Ould Allaf, administrator and general manager of the SNIM [National Mining Industry Company], signed an agreement Saturday morning at the company's corporate headquarters in Nouakchott with Keyzel Colomb, director of the French Central Fund for Economic Cooperation (CCCE), calling for a loan of about 150 million French francs or 1.5 billion ouguiyas.

According to Colomb, these two loans in the amount of 75 million French francs each were agreed upon last year by the CCCE's Advisory Council.

One is being granted at 7 percent interest reimbursable over a period of 20 years with payment deferred for 6 years.

The last payment, it should be pointed out, will be made in the year 2000. The other loan is being granted at 11 percent interest in accordance with current international market conditions and is to be repaid in 15 years with a 5-year deferment. This loan, written off as a secondary transaction, will be paid off in 1985.

Speaking of the "Guelbs" project which will relieve the Kedia d'Idjil, Ely Ould Allaf stated that its financing, in principle, had been obtained a year ago. Agreements were signed covering all required financing.

He indicated that, up to now, the result is very encouraging in that we are ready to sign accords with several financial organizations and, in particular, three Arab institutions: the Kuwait Fund in the amount of \$50 million approximately, the Abu Dhabi Fund with a loan of \$20 million and the FADES [Arab Fund for Economic and Social Development] in the amount of \$5 million.

"We have already signed an accord with Saudi Arabia," he continued, "for a loan of \$65 million, another with OPEC for \$100 million and a third with the African Development Fund."

END

END: 4400

AMIR OPENS CONSULTATIVE ASSEMBLY; CALLS FOR PEACE

Beirut AL-AZHAR in Arabic 15 Nov 79 pp 11, 15

[Title: "Amir Calls for Planning to Advance Arab Cause"]

[Text] Qatar's Amir, Shaykh Khalifa ibn Hamad Al Thani, 2 days ago opened the eighth regular session of the country's Consultative Assembly, headquartered at the al-Qasar al-Abyad in Doha. The opening session was attended by Shaykh Hamad ibn Khalifa Al Thani, the crown amir and defense minister, and by the country's shaykhs, ministers, the superintendent of police, chief foreign diplomats, as well as senior government officials. In an opening speech, the amir reviewed Qatar's internal and external accomplishments, and called for unifying Arab ranks and for a positive plan to advance the just Arab cause on the road to a comprehensive Middle East peace. The text of his speech follows:

In the name of God to whom all praise is due. As I open the eighth regular session of the Consultative Assembly, I implore the Almighty to grant us success in our joint effort so that we may be able to realize our supreme goal of moving our people forward along the plan we have already established. While our accomplishments so far are a good beginning, with God's help we shall move to an even better future.

[Pause]

We all know that progress along the path of civilization has never been easy; it always requires the best efforts of every member in a given society. We are no exception to this rule. If our effort is to be fruitful, we must be careful to safeguard our national unity and, as public officials, we must do all in our ability to help each other to reach our common goal, namely the good of every individual, which is the foundation of a good society. We must also keep in mind that progress along this path is akin to an intricate chain, with each link serving as a foundation for the succeeding one. It is essential, therefore, that we learn from our past mistakes and that we use our experience to advantage if we are to catch up with the modern age without abandoning our traditional values and principles.

Farthest among these is that progress must be compatible with the nature of our society. It must be in harmony with our special circumstances, our genuine needs and capabilities. It must never betray our traditional Islamic heritage and our noble Arab ideals if we are to preserve the purity of our religion and safeguard our national character.

We are convinced that slow growth and gradualism are the best means to achieve progress. Gradualism is a fundamental cornerstone of our political philosophy. It has served us well and will continue to do so. It has been instrumental in giving us peace and stability, without which there can be no progress. Our successful experience confirms the validity of this principle. A review of the detailed report published by the secretary of the Ministerial Council will give you evidence of our major accomplishments in all fields of endeavor during the past year.

Brothers:

These are the cornerstones of our internal policy. As I remind you of this policy, I wish to assure you that not only is it intended to realize the greatest good for our people in the most expeditious way, but that it simultaneously serves a second purpose. That purpose is to prepare our people, as part of the Arab and Islamic world, to play a positive role in the service of the Arab nation. This objective stems from our belief that striving for the unity of the Arab and Islamic countries is not only a sacred obligation, but that our common destiny demands it if we are to preserve our existence and our position among the nations of the world.

There is no need to remind you of our fraternal relations with the neighboring Gulf States in particular. These friendly relations are dictated not only by geography, but by our common aspirations for progress, for cooperation and the need to complement each other, but, most importantly, by the need to ensure stability, the crucial prerequisite for progress. Our relations with these Gulf States are also predicated on a common historical and cultural heritage, one that unites us as we pursue a better future.

We can firmly believe that the solidarity of the Arab nation is its basic requirement and the least common denominator which ensures our people's dignity and their nation's place in the world community. It is in fact the source of its strength which enables it to enter any battle be it political, economic, social, diplomatic or military. This fact has never been brought home to us with the same impact as it is being felt during this critical period in our nation's history. Israel continues to reject peace and to announce openly its intention to dominate Arab land and our sacred Islamic civilization. It continues to pursue its aggressive schemes and to push its evil expansionist policy. These schemes have become more elaborate and have extended to Lebanon, whose sovereignty has been trampled and whose people are engaged in a war of annihilation. Hundreds of innocent people have been killed and thousands more have become refugees as a result of Israel's

barbaric war. The victims are Lebanese and Palestinian civilians. Israel's aggression has in fact been carried to the United Nations peace keeping forces stationed in south Lebanon.

Faced with this Zionist challenge, which shows no sign of abatement, our most immediate duty is to lay down a practical, unified, comprehensive plan utilizing all our means and resources to advantage our just cause. We must act jointly with the Arab countries directly involved in the conflict as well as with the aid of the international community. We must push for a comprehensive peace for the entire region, a peace that is compatible with the principles embodied in the United Nations Charter and in keeping with the numerous resolutions adopted by this body [on the Arab-Israeli conflict]. It is common knowledge that the international community recognize that the only way to peace is through complete Israeli withdrawal from Arab lands beginning with Jerusalem, and the guarantee of the legitimate rights of the Palestinian people. These include their right to return home and to determine their own destiny, without external interference, under the leadership of the PLO, their sole legitimate representative.

To the extent that the Israeli aggression against Lebanon is but one link-- albeit a most dangerous one--in the chain of attacks against Arab rights, it is our national duty to include the restoration of security, peace and sovereignty to Lebanon in our comprehensive plan of action. We must preserve Lebanon's independence and Arab character.

Brotherhood

As a member of the world community, Qatar has assumed certain positions relative to important international problems. The first thing I wish to emphasize at this point is that our country firmly believes in the United Nations and subscribes to its principles and noble goals. We all agree that this organization is the greatest accomplishment of the human mind. Its purpose is to lay down the foundation for peace and security among nations and to promote the spirit of love, cooperation and justice among men. It came into being after untold years of war dating back to man's earliest existence. But despite its magnificent achievements, this organization, man's best hope, has disappointed mankind by failing to use its authority under the charter to put an end to aggression which threatens international peace and security.

The Israeli aggression against the Arabs is unparalleled in its contempt for the principles of the United Nations and for the will of the world community. It is flagrantly violative of all norms of legitimate international behavior and subversive of all moral and humanitarian values. Yet this aggression continues unchecked. The example set by Israel threatens to make aggression a new norm of behavior. The United Nations organization must make up its mind to take bold and effective measures to rescue the world from their shameful failure. International law must be made supreme again, and the only way to accomplish that is to restore right and justice.

There is another problem facing the international community. This problem, which grows more dangerous every day, threatens international peace directly. I am referring to the deep chasm between the rich and poor nations. A few rich countries enjoy unprecedented prosperity while the majority of others live in abject poverty and misery. What is perplexing is that despite all efforts by the United Nations and others no solution has yet been found to this major international problem.

The world we live in is but one large interconnected community and our economic planning must reflect this fact. The interdependence of mankind is so great that, in the final analysis, even the strongest economic nations cannot afford to maintain their long accustomed lifestyles. The economic gap between the rich and poor countries will ultimately lead to [political] instability and threaten the material and moral wellbeing of the prosperous nations. If we are to reduce the danger implicit in this potentially explosive situation, we must hasten to establish a just economic order, one that gives the developing nations a fair share of the world's economic wealth to reduce the gap between rich and poor. The only workable way to accomplish this is to make the economic decision making process more democratic, allowing all nations a voice in a new, comprehensive and just economic order, one that ensures economic balance and benefits all mankind.

Mr. Speaker:

As our Consultative Assembly begins a new session to carry out the responsibility of providing the government with positive and practical recommendations, as it tries to discharge its duty toward this nation and mankind,

the government will be guided by the principles I have outlined before you. These principles will form the foundation of our domestic, national and foreign policy. I am confident that your patriotism and past experience will be a tremendous strength enabling you to carry out your task as our lawmakers ably in the past.

Mr. Speaker:

Let us and let us unify our Qatari people and strengthen solidarity with our Arab and Muslim brethren. Let each one of us be equal to the task entrusted to him, and let us be a good example to others. Let us continue on the path of goodness and in our share to spread brotherly love among nations. Let us carry the standard of peace and goodwill. Let us be guided by our common goal: "Be a Nation that pursues goodness."

Today

October 1974

'AL-'ARAB' CALLS FOR MUSLIMS TO UNITE AGAINST WEST

Doha AL-'ARAB in Arabic: 18 Nov 79 p 12

[Editorial: "The West Is United Against Iran"]

[Text:] The United States is not alone in the undisguised aggression against the rights of Iran's Muslim people. The belief that only the United States is conspiring against the Muslim world and the natural resources of the Third World is wrong. As strong evidence of this, one has only to examine the statement made yesterday by West Germany's Chancellor Helmut Schmidt. The statement makes it clear that the circle of conspirators not only against Iran but the entire Muslim world is expanding. The question now is what clear and specific position will the Muslim world take in support of Iran's Muslim people against the daily challenges from imperialist America and its allies? Schmidt's statement shows how extensive the West's conspiracy against Iran has become. His position gives evidence that a number of potentially dangerous developments are in the offing:

1. The European nations are completely united with the United States against Iran. This means a conspiracy exists between the United States and the European nations to strike against Iran's Islamic revolution, and to intensify the American-Western aggression. What does this solidarity mean? What is its basis? It is evident that the conspiracy extends beyond Iran and is aimed at the entire Muslim world.
2. Mr Schmidt's statement clearly reveals the West's intentions toward Iran and the Islamic world. It leaves no room for doubt that whatever position is assumed toward Iran will be taken against any other Islamic nation. In other words, the conspiracy against Iran is only a part of a major conspiracy against the Islamic world and against Islamic banks in the West. Schmidt's warning is not disguised; it is very explicit. The Muslim world, as well as all forces opposed to imperialism, must therefore, take an equally clear position in support of Iran and its people, who are facing a dangerous conspiracy.

QATAR

BRIEFS

NO OIL PRODUCTION INCREASE--Shaykh 'Abd al-'Aziz ibn Khalifa Al Thani, minister of oil and finance, denied reports of an oil production increase broadcast by Radio Tehran. His highness told Qatar's News Agency that 1979 production levels did not exceed the established figure of 1.5 million barrels per day. He said that during the first 10 months of 1979 production averaged 592,000 barrels per day, which is less than the established quota, and added that there was no intention to increase production. The oil minister deplored the erroneous report from Tehran and described it as damaging to the brotherly relations between Qatar and Iran's Islamic Republic, which, according to him must be cultivated and strengthened. (Al-Jum'at AL-'ASAB in Arabic 18 Nov 79 pp 1, 8)

NO OIL EXPORTS DROPS--Qatar's crude oil production rose from 12.1 million barrels in October to 15.7 million bbl last month, but exports dropped from 15.6 million bbl to 14.9 million bbl in the same period, the Oil Ministry announced. Average daily production in November was 592,000 bbl, compared with 586,197 b/d the previous month. (Text) (AL-JUM'AT AL-'ASAB ARAB REPORT & MEMO in English 24 Dec 79 p 8) (C)

EFFORTS TO CURE 'TRADING' IN IMMIGRANT WORKERS

WATIS AN-NAHAR ARAB REPORT & MEMO in English 24 Dec 79 p 5

(Text)

1. The report states that the UAE has been suffering from a serious shortage of workers in the construction and other sectors. This is due to the fact that many workers are leaving the country after a short period of time, often without any reason. The government is trying to solve this problem by offering incentives to workers who stay longer, but this has not been very successful.
2. The report also mentions that the government is trying to attract more workers from other countries, but this is also difficult. The main reason for this is that many workers are afraid of the harsh conditions in the UAE, especially the heat and the long working hours. The government is trying to improve these conditions, but it is still a long way from achieving its goal.
3. The report concludes that the UAE is facing a serious labor shortage problem, and the government is trying to solve it by offering incentives to workers and attracting more workers from other countries. However, the government is still facing many difficulties in this regard, and it is not clear when the problem will be solved.

POLISARIO OFFICIAL DISCUSSES FRONT'S ORIGINS, AIMS

Kaduna NEW NIGERIAN in English 31 Dec 79 p 5

[Text]

MALAININE Ould Sadik, member of the Polisario Political Bureau, Deputy Head of its foreign relations section and member of the Saharan National Council answers the following questions of our correspondent.

Q: Western Sahara has become a burning international problem. What can you tell about the origins and aims of Polisario?

A: Polisario is the Spanish acronym for Popular Front for the Liberation of Saguia el Hamra and Rio de Oro, the northern and southern regions that comprise Western Sahara.

Polisario was founded on May 10, 1973, by the country's nationalist and revolutionary leaders as a broad national liberation organization.

Its aim, set out in its first political manifesto, was to liberate the people of Western Sahara from Spanish colonial rule, under which they had languished for nearly half a century.

Our people were striving for freedom, sovereignty and national independence. And to achieve that the Front started an armed struggle against the occupation forces of Franco-Spain.

We organised a national liberation Army, which took to field soon after publication of the manifesto, and one of its detachments attacked and captured El Khanga, a Spanish stronghold.

The national action programme adopted by the first and second Polisario congresses helped to bring wide sections of the population into the movement. In nearly three years of hard-fought battles, we virtually expelled the Spanish colonialists. And this despite their vast superiority in manpower and modern armaments, the endless repressions against our supporters, and the total ban on information about our movement imposed by the Spanish authorities and the reactionary regimes in this part of Africa.

Spain tried to thwart our final victory by signing a treaty, with Morocco and Mauritania in Madrid in 1975, dividing our country, our people and our natural resources. Helped by the Spanish occupation troops, Morocco and Mauritania hoped to implement this plan by an all-out war against our movement.

Q: How did the situation develop after the Madrid agreement?

A: Led by Polisario, our people were able to liberate the greater part of their country from Spanish rule, but found themselves involved in another colonial war.

They had no choice but to continue the armed struggle to compel the other side to respect their legitimate right to national independence.

On February 27, 1976, after the withdrawal of the Spanish forces, we proclaimed the Saharan Arab Democratic Republic (S.A.D.R.) and decided to continue the national liberation war until final victory.

The aggressors followed a policy of annihilation (murder of patriots, summary executions without trial, bombing of civilian population, use of napalm, etc.).

We had to evacuate to neighbouring Algeria the civilian population that had fled to the liberated area.

Our Nation Liberation Army, led by Polisario's general secretary El ouali Mustapha Sayed (killed in a later battle), launched an all-out offensive, with operations extending to the whole of Western Sahara and to parts of Morocco and Mauritania.

In four years of war, we inflicted heavy losses on the aggressor in manpower and material. Four-fifths of our country has been liberated.

The problem of Western Sahara has always been regarded as one of decolonization. That is how it has been treated by the Organization of African Unity, the United Nations and the non-aligned movement.

They have consistently confirmed the right of our people to self-determination and national independence.

The latest OAU summit (Monrovia, July 1979) voiced its full support for our people's just struggle. This is fresh evidence of growing international support for our people and its national liberation movement.

The recent Havana Conference of non-aligned states likewise expressed its solidarity.

By mid-September the Saharan Arab Democratic Republic had been recognized by 32 countries. Both Spain and Mauritania now accept Polisario as the only lawful representative of the Saharan people.

Q: How has your recent agreement with Mauritania helped to achieve your aims?

A: Following the coup d'état in Mauritania on July 10, 1978, we unilaterally declared a provisional cease-fire as a gesture of our desire for peace. And a peace treaty was signed in Algeria on August 5, 1979, after 13 months of negotiations.

Under it, Mauritania has waived all claims to our country, has undertaken to recognize and respect its territorial integrity and accepts POLISARIO as the sole legitimate representative of the West Saharan people.

Our two governments are pledged to live in peace and maintain good-neighbour relations based on mutual respect. The treaty is a logical sequel to the Monrovia decisions and will help to give northwest African stability and enduring peace.

Morocco, too, could contribute to that if it were guided by wisdom and justice, if it renounced the policy of expansion and use of force. That would help to re-establish natural good-neighbour relations and co-operation between all the peoples of our region and assure them peace and stability.

Until our national independence and peace are fully secured the Saharan people will continue their active armed struggle.

Q: How are the progressive forces of the world contributing to a settlement in Western Sahara?

A: We are waging a legitimate and just struggle for our rights. United around their vanguard, Polisario, our people are determined to attain their national goals. And in this we can rely on the solidarity and support of progressive everywhere, on all progressive countries, on all the forces of peace and justice. And prominent among them is Algeria, which has supported our struggle from the very outset.

We are convinced that any solution of the West Saharan problem must be based on respect for the sovereignty and territorial integrity of the Saharan Arab Democratic Republic. The forces of peace and progress are making a weighty contribution by their moral and material support.

That is why we feel that participation of these forces in decolonising Western Sahara is both logical and necessary.

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